

# The Outlook

JULY 25, 1917

Offices, 381 Fourth Avenue, New York

## THE SHIP CONTROVERSY AND A MILITARY MAXIM

There still rages in the public press the controversy between General Goethals and Chairman Denman, of the shipping corporation, as to the method and manner of the construction of the Government's merchant marine.

Probably no question has recently come before the public concerning which this same public can be expected to know less than it does about the relative merits of steel ships or wooden ships, or whether these same ships should be built on a flat contract basis or on a cost plus ten per cent profit basis.

Yet there is no subject which has come before the public recently upon which the public is entitled to possess, or possesses, a more emphatic opinion than it does on one point in the shipping controversy. It does not care or know how or where the ships should be built. It does know that they must be built.

The general public is not interested in the personal prestige of those who are party to the controversy. The general public, proud though it may be of General Goethals's record in the past or confident though it may be in Mr. Denman's honesty of purpose, will willingly recognize the necessity of displacing either of these men if the progress of the shipping programme can thereby be advanced a single day. It only asks that ships be built.

There seems to be little hope that the controversy between General Goethals and Chairman Denman can be worked out on a basis of mutual compromise. The solution to the controversy, therefore, must be found by the President himself. All the public expects from him is a decision which, whether entirely wise or not, will eliminate present causes of delay and stimulate the intensity of Governmental endeavor.

In this connection we may recall a military maxim which appears in the Introduction to the Field Service Regulations of the United States Army, written by General Leonard Wood when Chief of Staff in 1914:

Every individual, from the highest commander to the lowest private, must always remember that inaction and neglect of opportunities will warrant more severe censure than an error in the choice of the means.

This maxim can be applied, and should be applied, to many other problems than those arising from the controversy between General Goethals and Chairman Denman.

## WISE CENSORSHIP

The Government has taken two eminently wise steps. The first is to prohibit insurance companies incorporated under the laws of the German Empire from transacting marine and war risk insurance business in the United States. In his proclamation prohibiting these insurance companies from doing business of this kind President Wilson says:

The nature of marine and war risk insurance is such that those conducting it must of necessity be in touch with the movement of ships and cargoes, and it has been considered by the Government of great importance that this information should not be obtained by alien enemies.

The need of closing this valuable channel of information for Germany was first brought before the public by the New York "Tribune," and that journal is entitled to distinct credit for its articles criticising the Government for permitting these German companies to transact war insurance business under present conditions. The incident illustrates the importance and value of giving to the newspapers of the country the fullest opportu-

nity of constructive criticism of the Government's conduct of the war.

The second step which the Administration has taken is the establishment of a rigid censorship of all outgoing cable messages, with special attention to the northern European neutrals, particularly Holland and Sweden. Incoming messages will not be censored, and the despatches of correspondents in Europe will be received by newspapers precisely as transmitted after passing the Allied censors.

The elimination of war insurance business by German companies and the establishment of a censorship on outgoing cables should greatly facilitate the efforts of our Government to prevent valuable military information from reaching the Central Powers.

## THE GUARD, THE CAMPS, AND THE SELECTION FOR SERVICE

July 16 saw the mustering into the Federal Army of 125,000 men in the National Guard not yet in service. This important increment to the forces of the United States will now be gathered in the various training camps of the country, ultimately to be sent to Europe either for further training or for immediate service, as the military authorities decide.

An interesting incident of the war is the announcement of the names of the many camps at which the Guard and the new Army are to receive training. The list is one which includes the names of many famous men in American military history. There is Camp Meade, at Annapolis Junction, Maryland, named after the Commander of the Federal armies at Gettysburg. Camp Lee, after the General-in-Chief of the Confederate armies, is appropriately located at Petersburg, Virginia. Andrew Jackson is remembered by the naming of a camp at Columbia, South Carolina. General W. T. Sherman, Major-General Zachary Taylor, and Major-General George A. Custer are recognized in the naming of camps at Chillicothe, Ohio, at Louisville, Kentucky, and at Battle Creek, Michigan. General Grant is remembered in the naming of a camp in Rockford, Illinois. The explorers Brigadier-General Z. M. Pike and Meriwether Lewis, of the Lewis and Clarke expedition, are chosen as sponsors for camps at Little Rock, Arkansas, and American Lake, Washington. Major-General Funston, who recently died while in command of the Southern Department, is honored by the naming of a camp at Fort Riley, Kansas. He first won distinction, it will be recalled, as colonel of the Twentieth Kansas.

These camps and others are to be used as training grounds for the new National Army. The National Guard men have also a distinguished list of American heroes to remind them of our past history and to inspire them to their best efforts. There is Camp Greene, at Charlotte, North Carolina, named after General Nathaniel Greene, of the Continental army. There are also these camps: Hancock, at Augusta, Georgia; McClellan, at Anniston, Alabama; Logan, at Houston, Texas; Cody, at Deming, New Mexico; Bowie, at Fort Worth, Texas; Sheridan, at Montgomery, Alabama; and Fremont, at Palo Alto, California. The names of two more Confederate soldiers are also included in this list—Lieutenant Joseph Wheeler, who served both in the Civil War and the Spanish War, and General P. G. T. Beauregard, of Louisiana. Probably the danger of confusing the name with that of Andrew Jackson prevented the naming of a camp for "Stonewall" Jackson, the Confederate General whose loss was to Lee as the loss of an arm. No better representative of the American fighting man could have been found than "Stonewall" Jackson. It is a disappointment not to find his

name included among those for whom our new camps are to be named. If another camp is to be named, we hope it will be called Camp Stonewall.

In calling men for the new National Army the Government has announced that the names of all those registered will be drawn at the time of the first selection. This will enable the men who are not called in the first list so to arrange their affairs that, if they are needed later, they will be prepared as fully as possible to answer the call for service.

#### CONGRESS: AVIATION

For the week ending July 18 the chief events in Congress were the unanimous passage, with only four hours' debate, by the House of Representatives of the Administration's Aviation Bill, carrying an appropriation of \$640,000,000, and its passage through the Senate Military Committee without amendment and by unanimous vote at a forty-five-minute session.

The bill authorizes the President to increase temporarily the Signal Corps of the Army, and to purchase, manufacture, and operate airships. For this purpose the President is authorized to increase the present strength of the Army Signal Corps and to attach as officers in that corps officers of the Regular Army, the National Army, the National Guard, or the Officers' Reserve Corps. Officers may, when qualified, be rated as junior military aviators, military aviators, junior military aeronauts, and military aeronauts. The grades of chauffeur, first-class, and chauffeur are also created. The Secretary of War is authorized to cause such number of the enlisted men of the Signal Corps above the grade of corporal as he may deem necessary to be rated as aviation mechanics or as balloon mechanics. The President is authorized to raise the necessary number of additional enlisted men, provided that any draft shall not apply to a person under the age of twenty-one years. The President is further authorized to organize the personnel of the Signal Corps into such number of divisions, brigades, regiments, wings, squadrons, battalions, companies, and flights as may be necessary.

General debate on the bill has so far revealed none of the details of the plans of the War Department as to the number of airplanes to be sent to Europe or the number of aviators to be trained. The whole course of the bill is the finest example which Congress has yet offered of its ability to leave administrative details to the Administration.

#### CONGRESS: FOOD

The other principal features of the week in Congress were, however, obstructive. In the debate on the Food Bill the reputation of members of the Council of National Defense was attacked, and in turn was notably defended by Senator Townsend, of Mississippi, as follows:

If fraud creeps in anywhere in the award of contracts, it will be detected and can be punished by those higher in authority. The Advisory Commission cannot make contracts—that is for the Council of National Defense, on which sit members of the Cabinet. We are amply guaranteed against anything going wrong. It is not the Advisory Commission we have to fear. It is the horde of vultures who have swooped down on Washington looking for fat contracts, and who, disappointed at not getting them, have become scandalmongers, vilifying those who kept them from getting their clutches on the Government's money. That's where these vile charges come from. I've heard them and investigated them time and again and found them baseless.

In his turn, Mr. Hoover, whom the President has already designated as Food Administrator, was subjected to assault discreditable to those who made it. To the general astonishment, Senator Reed, of Missouri, besides aspersing Mr. Hoover as an American citizen because of his residence abroad for several years, made reckless statements alleging speculation in food-stuffs by Mr. Hoover in supplies for Belgium. Senator Phelan, of California, came to Mr. Hoover's defense, much to Senator Reed's credit. This sort of attack by Senator Reed does nothing to shake confidence in Mr. Hoover, but it does inestimable damage to the prestige of the Senate of the United States.

The Food Control Bill has now been debated for three weeks. The Senate has designated Saturday, July 21, as the day for

the final vote. Before that time many of the obstructive amendments will, we trust, be swept aside and the bill reduced to its original form, which would confine its operations to the control of food, food products, and fuel.

Senator Gore, Chairman of the Senate Committee on Agriculture, has introduced a substitute measure which, among other things, proposes the creation of a Food Administration Board to be appointed by the President. The Food Control measure is a war emergency measure. To be successful it ought to be intrusted, not to a board, but to one very capable administrator. The President and the country are fortunate in having at command such an administrator in the person of Herbert Hoover.

The machinery of boards for the administration of such measures is not the expeditious and efficient machinery demanded in these times. It is pointed out, moreover, that the Department of Agriculture is already very busy in stimulating the largest and most practical development of all of the agricultural pursuits of the Nation. To add to the Department of Agriculture any part of the burden of food control would be to reduce its present efficiency in the task for which it was organized, and also to cripple by dual management the positive, direct, and unhampered procedure of the Food Control administration.

Food control will be one of the Government's most burdensome undertakings. Nothing should be done in any way to embarrass the President and his chosen Administrator in so directing his activities as best to serve the American people.

#### CONGRESS: PROHIBITION

There is a possibility that the prohibition feature will be eliminated from the Food Control Bill. Until the prohibition advocates demanded that a "bone-dry" programme be tacked on to the bill it had been considered quite certain that at the right time, and as a measure sailing under its own colors, prohibition as a war-time measure could and would pass Congress. It is now questionable whether such an effort will be successful, because the method adopted of trying to enact the prohibition measure into law as a rider to a bill has aroused much adverse comment and the antagonism of many who have heretofore been aligned with the prohibition movement. It has been suspected that the extreme prohibition programme has been largely pushed as a rider to the Food Control Bill by the opponents of prohibition because that seemed the best way to kill the prohibition programme altogether; and in this they have had the aid of men who wished to obstruct the prosecution of the war. This view has been stated by a long-time prohibitionist and an officer of the Prohibition party, the Hon. John M. Olin, of Madison, Wisconsin, who wrote, in a letter quoted in the Senate, as follows:

The bill, as shown by the vote in the House, is not an honest one, or at least is not being advocated honestly. I refer here to the vote in favor of the bill in the House by those who are known as "wets." Why does this element in Congress vote for this bill? This question is very easily answered. They are voting for the bill for the purpose of harassing the President in the measures that should be taken to prepare for and prosecute the war. I hope sincerely that your movement will not succeed.

Prohibition should stand upon its own merits. If you desire to ask for a prohibition amendment at this time, then have a resolution introduced to that effect, so that the different members of Congress can vote squarely on the question one way or the other without tying the matter up to any other phase of legislation.

The use of the prohibition amendment as an obstruction to the Food Control Bill has been offensive to all patriots, whether prohibitionists or not.

#### CONSCRIPTION IN CANADA

The passage of the Conscription Bill through the lower house of the Canadian Parliament by a vote of 118 to 55 is an event of more than mere military significance.

This bill, "the Military Service Act of 1917," includes men between the ages of twenty and forty-five. Men between twenty and thirty-five are to be called first.

Roughly speaking, the Canadian population of, say, 8,000,000

is about a quarter French. Most of the French-Canadians live in the Province of Quebec, but there are a few hundred thousand in the Provinces of Ontario and Manitoba.

When the war broke out, it was announced that Canadian military service would remain voluntary. Under that pledge the number of men to be enlisted for overseas service was raised gradually from 20,000 to 500,000.

When, in January, 1916, Parliament allowed the full increase, Sir Robert Borden, the Conservative Prime Minister, said: "In speaking in the first three months of the war, I made it clear to the people of Canada that we did not propose any conscription. I repeat that announcement with emphasis to-day." In his turn, Sir Wilfrid Laurier, leader of the Liberal party, and the most distinguished of French-Canadians, declared that "conscription has come in England, but conscription is not to come in Canada." In the debate the other day Sir Wilfrid said no word against conscription, but his position regarding it may be thus summarized: He has no desire to diminish the numbers of those to be sent abroad, but he urges that the extra force to be raised by conscription can be raised by the present volunteer system. Moreover, he points out, under existing law the Government's actual power is limited to repel "invasion" and to "the defense of Canada," and it has no power to conscript for service abroad; for the present Parliament, therefore, to give the Government that power would not be just, because with its many vacancies the present Parliament does not fully represent the people's will. Furthermore, the Constitution fixes the life of a Parliament at five years, and the present Parliament's life has been extended a year on the understanding that there was to be no conscription. Finally, as British procedure provides for an appeal to the people where important issues arise on which they have not been consulted, the present Parliament's attempt violates constitutional right. Hence the Government should have appealed to the people. But Sir Wilfrid's proposal of a referendum was defeated by a majority of 49.

On the other hand, Sir Wilfrid's opponents assert that the question of conscription is a grave problem for experts, and should in no event be submitted to uninformed public opinion; that it is necessary to legislate upon it at once, and with the means at hand. To Sir Wilfrid's "invasion" argument they reply by asking if the present war is not really a war in defense of Canada, for Canadian troops in France are fighting to protect Canada from Germany's threatened future invasion and against an envelopment of what Sir Wilfrid Laurier has well called "the black shroud of Germany's insolence, cruelties, and barbarities." Finally, Sir Wilfrid's opponents call attention to his own eloquent speeches bidding God-speed to the soldiers departing from Canada, and his implied pledge that the country would support them to the final issue; and his opponents assert that, in view of the 35,000 Canadians killed in the war, the duty rests with the Canadians at home immediately to assure those still fighting of support to the final issue, and at once to give a guaranty that the sacrifices already made have not been in vain.

#### THE FRENCH-CANADIANS

Sir Wilfrid's position is peculiar. Foreseeing that the will of the Canadian people as a whole was for conscription, he thought to persuade his French-speaking constituents to support the movement by moving for a referendum, and thus avoiding a situation regarding conscription like that in Ireland. If he had favored the immediate enactment of a conscription law, his leadership might have passed to M. Bourassa, the Nationalist leader, and the disaffection in the Province of Quebec would in consequence have become solidified and increased the difficulties of the Government. That disaffection has become solidified enough. Correctly assuming the passage by the upper house of the Conscription Bill, the French-Canadians have appealed to their provincial Premier to petition the British Government for redress against Parliament's action. Though the cry of "race and religion" has been a feature of every Dominion election, English-speaking Canadians did not suppose that the opposition to conscription would be so strong.

Quebec has sent but a very slender proportion of the total Canadian forces, and, with only one exception, no French-Can-

dian unit has ever been brought to full strength without drafts from other units. The rest of Canada resents this, and refuses to accept M. Bourassa's contention that any further weakening of the country's man power would handicap agricultural production and other essential industries, that this would not alone threaten the nation's economic life but would also threaten its political life by promoting racial conflict, and that it would thus weaken the cause of Great Britain and her allies. Yet "La Croix," a paper published in the city of Quebec, declares that, as for half a century the Confederation has been fatal to French-Canadians, the time has now come when Lower Canada should separate from Upper Canada, and, while still subject to the British Crown, be administered by the French-Canadian majority. The editor of the Montreal "L'Idéal Catholique," as reported, even urges Quebec to secede from the Confederation, form a French republic on the banks of the St. Lawrence, and impose taxes on all exports from Ontario passing down the river!

Threats of secession are perhaps not to be taken too seriously. Disloyalty, we think, is hardly the French-Canadians' motive. Most of them, we believe, oppose conscription, but do not oppose the British connection, and many of them oppose only the method of obtaining conscription.

But, with the French-Canadian press practically unanimous against conscription, and with signs of secession in the French clerical press, it is perhaps not surprising that the rest of Canada sees in the Quebec attitude nothing but disloyalty, and is more determined than ever to make it certain that Quebec shall not prevent the Dominion from doing its entire and splendid duty to the men at the front.

#### THE MILITARY SITUATION IN RUSSIA AND ELSEWHERE

The report of July 18 that General Korniloff's army had withdrawn from the town of Kalusz, captured by it about a week before, is a probable indication that the Russians who have been driving the Austrian troops so rapidly before them in the region south of Lemberg have at last been checked by German reinforcements. The loss of Kalusz is significant, and not alone because it was the most important place taken recently by General Korniloff. The withdrawal involves the retreat of the Russians across the Lomnica River, and would seem to involve also a retreat from Dolina, which is on the same side of the Lomnica as is Kalusz—if, indeed, the recent report that the Russians had captured Dolina is beyond question.

The recent Russian campaign is largely a war of rivers. The Russians have long been astride, as the phrase goes, of the wide-flowing Dniester River, which flows in an easterly direction about thirty miles south of Lemberg. Now in this region there are several tributary rivers flowing from both directions (that is, from north and south) into the Dniester. The Lomnica is one of the tributaries flowing from the south. Its passage by the Russians from east to west was a most encouraging step, and when it was announced that Dolina (several miles to the west of the Lomnica) was taken, there seemed to be feasible a double movement by the Russians which should, on the one hand, drive the enemy south into the Carpathian Mountains, and, on the other hand, drive the enemy north toward the Stryj River (another southern tributary of the Dniester). Such a movement might be of enormous strategic importance, because if the Stryj River should be passed and the town of the same name taken the way would be open to the Russians directly northward toward Lemberg. To be sure, that road would cross the Dniester, but there is a railway route there, and other forces of the Russians advancing west along the Dniester would protect such a movement. All of this seems for the time being to be delayed or stopped, although it should be added that the Russian accounts of the loss of Kalusz indicate that the movement in that direction had got ahead of the general advance and that temporary retirement was good tactics.

On other than the Russian fronts the week ending July 18 showed little of importance except that the French retook the positions gained a few weeks ago by the Germans at Verdun, and there have been new advances by the Italians on the Carso Plateau.

The statement as to submarine warfare published on July 12

again showed a decrease in the loss of British ships. The total record was lower than any for seven weeks, and one of the very lowest since March 1. The total number of British ships of all tonnage sunk since March 1 is 535.

### THE RUSSIAN POLITICAL SITUATION

The political situation in Russia is again confusing and threatening. The latest reports as we write indicate both a political and a popular upheaval. The first centers in the resignation of four members of the Russian Cabinet. The question in dispute was a proposal to declare the vast Russian territory of the Ukraine (the so-called Little Russia) independent or autonomous, and to take the same step with regard to Finland. Some persons think that even the extreme Russian radicals do not wish Finland to be made entirely independent, but they do favor that step as regards the Ukraine, and the resignations result from the dissent of the four members of the Cabinet to that step. Finland is itself alive with agitation for absolute independence, and a bill to vote a large money credit as a loan to Russia is being held up in the Finnish Parliament in the hope that assurances of independence may thus be forced.

Meanwhile there are disturbing reports of violence in Petrograd itself. Some statements are that the firing in the streets was the result of a causeless panic and misunderstanding; others regard it as a demonstration against the Provisional Government and say that a proclamation issued by some of the soldiers has been printed calling upon the people to come into the streets with arms in their hands and saying: "Might is on our side. We must immediately seize all factories, land, and other sources of production."

### THE GERMAN SO-CALLED PEACE PROPOSAL

Elsewhere will be found an editorial discussing the political situation in Germany as related to the forced resignation of Chancellor von Bethmann Hollweg and the appointment to his place of Dr. Georg Michaelis. The new Chancellor's address to the Reichstag will be made just after we go to press. It is supposed that it will clear the political situation to some extent. Meanwhile it is desirable as an important matter of news to report the so-called peace resolutions which, according to the statement of the Berlin "Tageblatt," it is proposed by a combination of Socialists, Radicals, and Centrists to introduce into the Reichstag upon its reassembly:

As on August 4, 1914, so on the threshold of the fourth year of the war the German people stands upon the assurance of the speech from the throne—"we are driven by no lust of conquest."

Germany took up arms in defense of its liberty and independence and for the integrity of its territories. The Reichstag labors for peace and a mutual understanding and lasting reconciliation among the nations. Forced acquisitions of territory and political, economic, and financial violations are incompatible with such a peace.

The Reichstag rejects all plans aiming at an economic blockade and the stirring up of enmity among the peoples after the war. The freedom of the seas must be assured. Only an economic peace can prepare the ground for the friendly association of the peoples.

The Reichstag will energetically promote the creation of international juridical organizations. So long, however, as the enemy Governments do not accept such a peace, so long as they threaten Germany and her allies with conquest and violation, the German people will stand together as one man, hold out unshaken, and fight until the rights of itself and its allies to life and development are secured. The German nation united is unconquerable.

The Reichstag knows that in this announcement it is at one with the men who are defending the Fatherland; in the heroic struggles they are sure of the undying thanks of the whole people.

It is evident that these resolutions are capable of various interpretations, and particularly so the phrases about "forced acquisitions of territory" and "political, economic, and financial violations."

### THE ARIZONA COPPER STRIKE

Following the deportation of sixty agents of the Industrial Workers of the World from Jerome, Arizona, nearly 1,300 Industrial Workers of the World and their sympathizers were

deported from Bisbee, Arizona, and carried into the State of New Mexico. The men were driven from Bisbee by an equal number of deputy sheriffs who had been sworn in by Sheriff Wheeler, of Cochise County. Early in the morning the sheriff posted a proclamation, which also appeared in the first editions of the papers, declaring that he had formed this posse "for the purpose of arresting on the charges of vagrancy, treason, and being disturbers of the peace of Cochise County, all those strange men who have congregated here from other parts and sections for the purpose of harassing and intimidating men who desire to pursue their daily toil. . . . This is an attempt to embarrass the Government of the United States. I therefore call upon all loyal Americans to aid me in peaceably arresting these disturbers of National and local peace. All arrested persons will be treated humanely and their cases examined with justice and care."

"Hold on, stranger, what's your business?" "What are you doing in Bisbee?" and "How long have you been here?" were some of the questions asked by the deputy sheriffs as they surrounded each suspicious-looking individual. The various squads, each with several hundred prisoners, came together at the railway station, and the men were put into the cars. Among these men was William B. Cleary, an attorney widely known throughout Arizona, who was alleged to have spoken openly in sympathy with the Industrial Workers of the World. When the train reached New Mexico, Mr. Cleary issued the following statement:

There were 1,286 men deported from Bisbee yesterday. With few exceptions, they were all underground miners. . . . The men were on a strike for better conditions, particularly for two men at a machine, which is the custom in most mining districts. The men also ask discontinuance of the physical examination which every man is obliged to submit to before obtaining a job and which has been used as a basis of blacklist. . . . Another demand was for a \$6 wage per day as a minimum, \$6 to-day not having any more purchasing power than \$3.50 had when miners received that sum and copper was selling at 14 or 15 cents a pound [it now commands twice that price].

Some of the miners were treated without any show of violence by the men taking them from their homes, while in other instances the men were forced to leave at the point of a gun.

The exiles marched from their train into Columbus, New Mexico, the scene of the Villa raid. Federal troops, requested by the Governors of Arizona and New Mexico (in the absence of State troops in Federal service), flanked the men on each side, and marched them to the commissary car, where rations were issued. Each man received a paper plate, a can of salmon, and a loaf of bread, the food being furnished by the El Paso and Southwestern Railroad Company. The men were afterwards taken to the stockade built for Mexican refugees during the border raids, their later rations to be supplied by the military authorities. Apparent responsibility for the deportation is ascribed, in a despatch to the New York "Sun," to the Vice-President of the El Paso and Southwestern, who is also interested in the Bisbee mines. His aim in taking the men to Columbus was, it is reported, to force their care upon the military authorities.

It would have been impracticable for the Governors to declare martial law, as they had no troops to enforce it. The presence of a mobile State police at Jerome or Bisbee would, we believe, have checked the trouble in its beginning. When such a body was not at hand, men charged with the duty of enforcing law and order are not always apt to make too fine a point of authority, and may exceed that authority, as did the Bisbee sheriff, who had every right to defend the citizens of his county against violence, but not to do violence. President Wilson, when alluding to this in his telegram to Governor Campbell, pointed out "the great danger of citizens taking the law into their own hands. . . . I look upon such actions with grave apprehension. A very serious responsibility is assumed when such precedents are set."

### THE INDUSTRIAL WORKERS OF THE WORLD

Thus the transfer of the State troops to the Federal service was the Industrial Workers of the World's opportunity. They took advantage of it, not only in Arizona, but in many other States, particularly in Oregon, where, at the appeal of the Governor, a new body of State troops has been formed.

The trouble in Oregon and in the neighboring States of

# CARTOONS OF THE WEEK

Clubb in the Rochester Herald



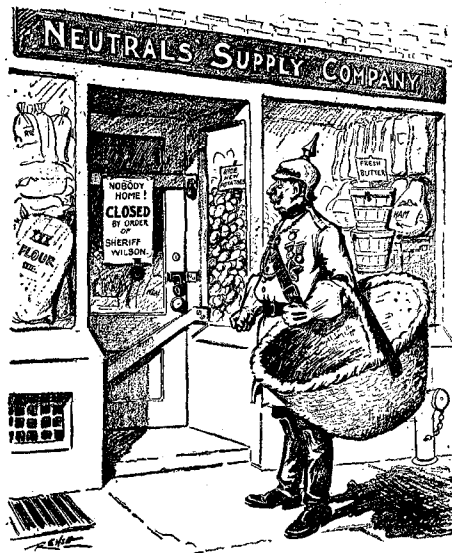
NO MORE BONES FOR THE DOGS

Pease in the Newark Evening News



THE PINCH

Rehse in the New York World



OUT OF BUSINESS

WHAT THE AMERICAN EMBARGO MEANS TO GERMANY

From Nebelspalter (Zurich)



WILL THEY BUDGE HIM?

Cassel in the New York World



SHARPENING THE RUSTY SWORD  
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A GERMAN VIEW OF THE RUSSIAN SITUATION, AND AN AMERICAN VIEW

Rehse in the New York World



LEADING FORTH THE GOAT

From the Philadelphia Ledger



"THAT'S GRATITUDE"

Kirby in the New York World



STILL IN THE SADDLE

A TRIUMPH FOR CROWN PRINCE AND JUNKERS

THE TWO SCAPEGOATS

AMERICAN CARTOONS ON THE GERMAN CABINET CRISIS

Washington and Idaho is largely in the lumber camps, preventing the production of cantonment material for the army and wooden ships for the navy. In Montana the Butte copper mines are nearly at a standstill, following the organization of a new union encouraged by the Industrial Workers of the World. In Kansas, Nebraska, and Minnesota there has been much agricultural unrest, alleged to have been caused by the same organization. Scraps of iron have been thrown into harvesting machinery, copper nails driven into fruit trees, live stock poisoned, and crops and farm buildings burned. In the Missouri lead belt officials of the Western Federation of Miners declared that the strangers sent into the district by the Industrial Workers of the World have fomented so much trouble that the influx of foreigners attracted by the higher wages has now been driven out by the American-born miners.

Senators from the West have claimed on the floor of the Senate that the Industrial Workers of the World, as opposed to the war with Germany, are indulging in these activities. Mr. Hayward, of that organization, denies that "German influence and German money are behind the copper-mine strikes." Whether or not there is German influence behind them, they are, we believe, directly aiding Germany as an enemy of the United States by curtailing the agricultural and mining production.

As to the assumption that a Nation-wide strike of industries had been ordered, The Outlook has received the following despatch from Arizona:

I had been informed that instructions for a Nation-wide tie-up of industries by the Industrial Workers of the World had been issued from headquarters at Chicago, but have since been assured such is not the case. Early in March a prominent Industrial Workers of the World organizer asserted that the intention of the leaders was to effect strikes throughout the copper zone of the Pacific States from Montana to Mexico. At that time an Industrial Workers of the World strike on lands in Salt River Valley, then being prepared for the planting of cotton, was in progress, and I was told that the paralyzing of our agricultural and mining industries would go hand in hand. I can definitely state that opposition to war is one of the fundamental tenets of the Industrial Workers of the World propaganda, and the opposition of their organization to the present war with Germany was stated and reiterated in recent conferences and meetings of the branch executive committee of the Industrial Workers of the World at Globe. . . . There is a strong conflict between the Industrial Workers of the World and the International Union of Mine, Mill, and Smelter Workers, formerly the Western Federation of Miners. The rank and file of both organizations are closely interrelated and hold membership in both; but this is not true of the officials. . . . At present all the important mines and smelters in the Globe and Miami districts are closed down, due to Industrial Workers of the World agitation. In the Clifton and Morenci districts all mines and smelters are out of commission, but strike in the latter-named districts was called by the local union of the Mine, Mill, and Smelter Workers affiliated with the Arizona Federation of Labor. Jerome and Bisbee are working a fair percentage of their normal pay-roll. There are about fifteen thousand men out to-day, and copper production is thereby curtailed about fifty per cent. Industrial Workers of the World attempts to organize the Arizona lumbering industry were made without success.

THOMAS E. CAMPBELL,  
Governor.

One thing is clear. No solution for such a problem can be found in driving men from one community to another.

#### THE HOUSE OF WINDSOR

The royal family of England has been Saxon, Norman, Plantagenet, Lancaster, York, Tudor, Stuart, Hanover, Saxe-Coburg-Gotha. The last named is trebly German, but if it were only singly German it would now be offensive to Britons.

Accordingly, George V has renamed the royal family. Henceforth it is to be the House of Windsor. No name, we think, could be more appropriate. Windsor is connected with English history from the days of the Saxon kings to the present—indeed, in the legend King Arthur himself sat there among his Knights of the Round Table. The present castle was begun by Edward III for the meeting of the Knights of the Garter, and, with its later additions, is in itself a symbol of historic unity and strength.

#### A NEBRASKA PROTEST

The Nebraska Council of Defense has issued a statement in regard to the activities of certain elements in Nebraska which deserves both attention and commendation.

The Nebraska Council of Defense charges that business men in pro-German communities in that State have exhibited an "alarming antagonism to Red Cross and Liberty Bond activity," and that some have openly made threats of business reprisal against men supporting these all-important National activities.

Furthermore, the Nebraska Council of Defense charges that in Nebraska "conspicuous representatives of the Lutheran Church have generally, and, it may be said, almost universally refused to co-operate with any of the several efforts made by patriotic citizens for the support of the Government. On the contrary, they have very generally, publicly and privately, discouraged the American cause and have shown marked partiality to the cause of America's enemy." Lutheran authorities, however, have declared that this is not true of Lutherans throughout the country.

Some of the teachers in the State University also come in for flat-footed condemnation. The Council of Defense says that "several professors . . . have so persistently given encouragement, publicly and privately, to those who are out of harmony with the American cause that the Council deems it necessary and proper publicly to register a protest against these practices." It is announced that the Council will not be satisfied with registering its protest, but that it intends to employ its power and authority to the limit in the effort to suppress in Nebraska any interference with the determination to push this war to a speedy and successful conclusion.

#### PACIFISM LINKED WITH PRUSSIANISM

In a statement published in the Kansas City "Star," Chancellor Avery, of the University of Nebraska, characterizes as "just and patriotic" the action of the State Council of Defense. The Chancellor's statement does not mince matters as to conditions in Nebraska's institution of education. He said:

The Council has rendered a distinct service to the University by publicly calling attention to conditions that exist, not only here, but in all the State institutions. The overwhelming majority of professors are intensely loyal to the country. There are, however, in every faculty a few who have indulged in day dreams of internationalism, world justice, and universal peace to such an extent that they find it difficult to reconcile themselves to the thought of use of force even in the most just cause.

The just and vigorous statement of the Council of Defense will help the few remaining "pacifists" and "internationalists" in university circles to decide whether or not they are going to play the parts of patriots in the present struggle.

This statement of Chancellor Avery's is only another indication, and a most forceful one, of the links which exist throughout the country between the pacifist element and the pro-Prussian element. It is a strange commentary on human nature that those who have most loudly clamored against any use of force are the ones who are doing most to assist the nation which is striving to fasten the doctrine of force upon a subject world. If events had not demonstrated the mercenary reasons behind many such demonstrations of sympathy between these two diverse elements in our population, their combination would cause even greater wonderment. As it is, it causes chiefly contemptuous anger.

#### CHINA

The monarchists have now been definitely defeated by the republicans in China.

President Li Yuan-hung, however, announces his decision not to resume office. This would lead, we suppose, to Vice-President Feng Kuo-chang's succession. The most powerful man in China at present, Tuan Chi-jui, has not permitted President Li to resume his powers as executive, for Li had dismissed Tuan, who had been Prime Minister, on account of the Premier's alleged pro-Japanese sympathies, and Tuan doubtless harbors bitterness against the President. It is significant that Tuan has been reinstated as Premier. He has been Minister of War

and is the chief of those republicans who believe in cabinet rather than in parliamentary rule.

As we go to press we are glad to learn that the repeated announcements of the execution of Prince Pu-lun turn out, after all, to be unfounded. Thus a valuable influence is saved to China. The Prince ought to be a prime factor in consolidating general sentiment towards law and order in China. To begin with, he is a Manchu prince; he was President of the first Chinese Parliament, was loyal to the Republic, and held office under President Yuan Shi-kai. If he were not hampered by the suspicion that his real aim is a return to the Manchu monarchy, he might make a good President himself.

## BETHMANN HOLLWEG—AND AFTER

**W**HAT the resignation of Bethmann Hollweg means we do not know; we can only surmise. When Mr. Garrison, our capable Secretary of War, resigned, we knew what the resignation meant. It meant that the President preferred to break with his preparedness Secretary rather than with a weak and vacillating, but bull-headed, majority in Congress. When Mr. Bryan resigned, we knew what the resignation meant. It meant that, though the President was a peace man, he was not a peace-at-any-price man, and would not adopt a pro-German policy masquerading as a peace policy. When Mr. Asquith resigned and Mr. Lloyd George became Prime Minister, we knew what the resignation meant. It meant that the English people were through with hesitation and had resolved to win the war, whatever the cost to the pockets of the rich and the places of the office-holders. But what the resignation of Bethmann Hollweg means we do not know; we can only surmise.

In England the Ministry are responsible to the people. In the United States they are not responsible to the people, they are responsible only to the President; but the President is responsible to the people. In Germany the Ministry are responsible only to the Kaiser, and the Kaiser is responsible to no one. The Government of Germany is an irresponsible Government. The resignation of Bethmann Hollweg indicates simply that the Emperor has either changed his mind or changed his policy without changing his mind—probably the latter. There is nothing to indicate that the autocracy which he represents has any notion of changing its mind.

We do not think that the Kaiser is a great man. He is an attractive personality, a versatile man, a ruler of ability; but he is not a Napoleon nor a Peter the Great. He is a supreme egotist, and the supreme egotist is never supremely great. He loves to command, but he loves even more to seem to command. It has been wittily said of him that he would rather be the drum-major than the colonel of a regiment. Politically he is an absolute autocrat. But in this twentieth century no man can be an absolute autocrat. He can be an apparent autocrat only by representing forces which he sometimes uses but which sometimes use him. The German people are divided into two classes—the one booted and spurred to drive, the other saddled and bridled to be driven. The military, the political, the social organization of Germany have all been constructed to preserve this leadership by the few over the many. The much-praised educational system of Germany has been organized and maintained to prepare the few to govern and the many to be governed. The Kaiser is the titular head of the ruling class, but his power depends upon their retention of their power. The autocracy of the Hohenzollerns could not be long preserved if the military and landlord class should be overthrown. Whether the resignation of his favorite Minister has been forced upon the Emperor by that class there is nothing very definite to show. But it is not an improbable opinion.

Any interpretation of events in Germany must be taken with a reservation. The facts which Americans know are those which an autocratic government permits them to know, or which escape to us despite an efficient censorship. It is, however, clear that there is in Germany a real and important division upon two questions—one foreign, the other domestic. There is no indication that there is any party which is opposed to the war, or would be willing to seek peace upon any terms which the Allies would or could accept; but there is a considerable party opposed to

some of the more ruthless methods of the war, on the ground that such successes as those methods achieve do not compensate for the enemies they make. There is no indication of any revolutionary party which desires to overthrow Imperialism and substitute a republic like that organizing in Russia. But there is abundant evidence of a considerable and apparently growing party which desires and is beginning to demand a larger share of the people in the Government. These two parties are to some extent identical in their personnel. This is indicated by the fact that on the one hand Bethmann Hollweg refused to accede to the demand for annexation, and on the other hand openly acknowledged the need for electoral reform. One notable indication of the growth of this party—perhaps it should be termed a tendency rather than a party—was furnished by the article in *The Outlook* of July 4 entitled "A New Light on German Public Opinion." But that Bethmann Hollweg's resignation has been called for by the Kaiser certainly does not indicate a triumph for either peace without or democracy within the Empire.

Bethmann Hollweg is not a statesman; he is a politician. No statesman would have characterized a sacred treaty as "a scrap of paper." No statesman would have publicly acknowledged that the invasion of Belgium was an injustice and tried to avoid the effect of that damning admission by saying that Germany would remedy the injustice when the war was over. Bethmann Hollweg has been well characterized as an honest, hard-working bureaucrat; but he has had the ability to see what the simple-minded absolutist never sees—a public sentiment growing gradually into a public resolve among the common people. The Revolution in Russia and the entrance of the United States into the war have added definiteness and strength to that sentiment and given it a voice. It is no longer a dumb desire; it is growing into a serious conviction, though not yet into a stern resolve. It is the conviction that the domination of Europe which the military party started out to accomplish cannot be accomplished. Hence the demand for peace without annexations or indemnities. It is the conviction that the people should have some share in a Government which has cost the people so much. Hence the demand for an extension of the suffrage and a responsible Ministry. It is doubtful whether Bethmann Hollweg has any sincere conviction upon either of these questions. He is no reformer; he is a compromiser. He is no Abraham Lincoln; but neither is he a Jefferson Davis. Each of these two men stood for a definite idea. Bethmann Hollweg is rather a Buchanan. He is incapable of being a leader either for the old Germany or for the new Germany. Compromise is no longer possible, and the compromiser steps down.

Whether the new Ministry will attempt to find some new compromise it is impossible at this writing to foresee. We think the Kaiser would be glad if it could be found. We base that opinion not on recent events but on all that is known of the Emperor's somewhat enigmatical character. But we do not think the attempt will be made. We attach no importance to the rumor of the Emperor's resignation. But the German bureaucracy would as readily oust the Emperor as his secretary if they thought it necessary for the preservation of their ancient powers and privileges. Whether he can long continue to be both a demigod to the people and the chieftain of the ruling class we greatly doubt. That he will cease to be the chieftain of the class in order that he may become the leader of the people is scarcely thinkable. That change would require a very great man; and the Kaiser is not a very great man.

In all the swirl of these muddy waters, in all the puzzling conflicts of these contending currents, it is clear that Germany is no longer wholly free from the inspirations of liberty. Let the aristocrat count it a disease: the German people have caught the infection. Let the democrat count it a life: the German people are beginning to feel that life-blood in their veins. Whatever this political change means to Germany, it certainly means to the world that peace without victory is more than ever impossible. If peace is made now with autocratic Germany, it will be only a truce to enable an unprincipled militarism to prepare for a yet more terrible tragedy in the near future. There can be no lasting peace for the world until the autocracy of Germany is ground to powder and blown away by the cleansing winds of heaven. Only an emancipated Germany can give peace to an emancipated Europe.

## THE DELIVERERS

A common, if not prevalent, opinion has been that the only justifiable war is a war of defense. This has been expressed in many forms and explains many governmental acts. Our own entrance into the war has been repeatedly justified on the ground that it was necessary as the only effective means of defending our rights on the sea. One reason why France is free from the aspersions which have been cast on other nations on both sides of this war is that she is manifestly fighting in defense of her own soil.

Even Germany, invader of Belgium, invader of France, has pleaded that she is fighting a war of self-defense. This is the justification for the war that was offered a few days ago in the resolutions adopted by the Center, Radicals, and Socialists of the German Reichstag. In those resolutions it is declared that "Germany took up arms in defense of its liberty and independence and for the integrity of its territories." This, however, is not a new plea on behalf of Germany. It is the plea put forth at the very beginning of the war by German propagandists. It was to persuade Americans that Germany was fighting in self-defense that a pamphlet (entitled "Truth about Germany: Facts about the War") was issued soon after the outbreak of the war by a committee on which were such eminent Germans as Herr Ballin, of the Hamburg-American Line, Prince von Bülow, Dr. Dryander, Dr. von Harnack, and Dr. Lamprecht. This plea of self-defense was used to justify Germany's great system of militarism, for in that pamphlet it was declared that, "Since the German army, when it is summoned to war, represents the whole German people, and since the whole German people is peaceably disposed, it follows that the army can only be a defensive organization." This plea of self-defense was used to justify the invasion of Belgium, for in that pamphlet this invasion was described as "our one breach of neutrality, committed in self-defense;" and it was argued in explanation of this violation of a solemn treaty that "the inalienable right of self-defense gives the individual, whose very existence is at stake, the moral liberty to resort to weapons which would be forbidden except in times of peril." And this plea of self-defense was used even in justification for atrocities, for in this pamphlet, with utmost solemnity, it was declared that "the German troops, who are accustomed to preserve discipline and to wage war only against the armed forces of the hostile state, cannot be blamed if, in just self-defense, they give no quarter."

Thus self-defense is offered as a cover for crimes unparalleled in history. This is the tribute that wrong pays to right; and in this case the only right that wrong appears to know is the right of self-defense.

There is, however, a higher right than that. It is the right of succor, of deliverance, of rescue.

The war which the United States is waging against Germany is only in part a war of self-defense. It is chiefly a war for the succor of oppressed peoples, for the deliverance of civilized lands from the hands of the barbarian, for the rescue of the public law of nations, and of the right of mankind to life, liberty, and the pursuit of happiness.

As our soldiers land in France and take their places in the line beside the French and the English, as our sailors watch the seas for hostile submarines, and as our aviators give battle in the air, they are asserting the right of the American people to defend themselves, their ships, and their territory; but they are doing something more than that.

They are coming to the rescue of the Belgian people, whose brave King refused to barter the honor of his country for cash, and chose rather to endure with his people unspeakable suffering.

They are coming to the rescue of France, whose treasury of art and whose liberty have alike been put into peril of destruction by a Power that is as ruthless in its denial of liberty as it is in its destruction of the monuments of art.

They are coming to the rescue of those free institutions of the English people which we have inherited from them and on which our own freedom is built.

They are coming to the rescue of the Russian people, beside whom it is an honor to fight for liberty because they have already done so much to rescue themselves.

They are coming to the rescue of that nation, the latest of the great countries of Europe to achieve its own liberation, that nation that has been called the crowned republic—Italy.

They are coming to the rescue of backward, impoverished, oppressed peoples of Europe and Asia—to the rescue of the Serbians and Montenegrins, who chose to fight rather than to become vassals of an arrogant Austria; to the rescue of the Poles, whose continued subjection is essential to the remnants of the old unholy Holy Alliance; to the rescue of the Armenians, who have suffered at the hands of the brutal Turk and Kurd and from the designs of the more cruel, because more resourceful, mind of the ruthless Prussian; to the rescue of the Greeks from the consequences of their trust in their own faithless ruler.

They are coming to the rescue of the fabric of the public law of nations—the sacred observance of treaties and of the principles of morality in the conduct of nations—which is the only fabric from which there can ever be erected permanent peace.

And, not least of all, they are coming to the rescue of the peoples of the Central Empires themselves, who have been denied by their rulers even the knowledge of what civil liberty means.

Those who with unconscious perversity or with deliberate intent restrain or delay the men who are going to fight our battles in Europe, those who argue for peace with compromise, those who try to discourage and dishearten the men who are forging our weapons or the men who will wield them, are acting from various motives; but, whatever the motive, in any case the effect is the same. The stupid person who gets in the way of the fireman and prevents him from carrying a child from a burning building may have pity, but he is an ally of the pitiless flames. There is no act performed or word said in obstruction of prompt, effective, and victorious warfare on the part of America that does not prolong the enslavement of the Belgians, increase the peril to civilization and liberty in France, weaken the resisting powers of the free institutions of English-speaking peoples, impede the progress of the Italians and Russians toward liberation, add to the miseries of the most miserable of European and Asian peoples, give aid and comfort to the transgressors of international law and morality, and delay even to the enemies of the Entente the coming of the day of freedom.

## PATRIOTISM AND PRICES

On July 11 President Wilson issued an appeal to the business men of the country, in which he discussed the prices which the Government must pay for the great bulk of commodities that it is destined to buy during the succeeding months, and the relation between these prices and the patriotism of the business men of the country. The President said:

A just price must, of course, be paid for everything the Government buys. By a just price I mean a price which will sustain the industries concerned in a high state of efficiency, provide a living for those who conduct them, enable them to pay good wages, and make possible the expansions of their enterprises which will from time to time become necessary as the stupendous undertakings of this great war develop. We could not wisely or reasonably do less than pay such prices. They are necessary for the maintenance and development of industry, and the maintenance and development of industry are necessary for the great task we have in hand.

The President urged, however, that the discussion of prices should not be surrounded with the "mist of sentiment." He declared that "facts are our masters now" and then continued:

Patriotism has nothing to do with profits in a case like this. Patriotism and profits ought never in the present circumstances be mentioned together. It is perfectly proper to discuss profits as a matter of business, with a view to maintaining the integrity of capital and the efficiency of labor in these tragical months when the liberty of free men everywhere and of industry itself trembles in the balance, but it would be absurd to discuss them as a motive for helping to serve and save our country.

The President pointed out that ship-owners and ocean carriers had already placed "almost insuperable obstacles" in the way of a successful prosecution of the war by the ocean freight rates

which they had exacted, and then appealed to the business men of America not to follow this example. He concluded:

I summon you to a great duty, a great privilege, a shining dignity and distinction. I shall expect every man who is not a slacker to be at my side throughout this great enterprise. In it no man can win honor who thinks of himself.

Perhaps to a greater degree than the President recognizes there is patriotism in the restraint exercised by men who, being in position to secure abnormally high profits, voluntarily co-operate with the Government in producing supplies at or below normal profits. Certainly the business men of the country, as a whole, are manifesting to-day a very different spirit from the profiteers who sold shoddy cloth to the Government in the Civil War and decayed beef to the Government at the time of our war with Spain. The tendency to minimize the patriotism of those men who are helping the Government secure its supplies at a reasonable price has become an obsession in the minds of some Congressmen who are engaged in attacking the disinterestedness of the men upon the Council of National Defense and its Advisory Commission.

Certainly every citizen desires to see the Government in a position to secure honest goods at honest prices. It is equally certain that the efforts of business men in connection with the

Council of National Defense have brought this desire nearer to realization during the present war than at any time in our history.

Even so, many of the little men who have been engaged in slandering the motives of others with a larger vision than they themselves possess have missed their chief opportunity to hit at war profiteers.

The main object of the Government is to wage the war successfully. Every day saved in the prosecution of the war means the saving of millions of dollars and perhaps thousands of lives. Yet even if the main object of the Government were not the prosecution of the war, but the paring down of contracts, the critics of the Council of National Defense would be on the wrong trail. They can save the Government more money by placing a tax on excess profits than they can by advocating the splitting up of Government contracts among men who have limited facilities to carry them out, but who are willing to gamble on receiving a profit from a lower price for their goods.

The field of taxation has during the past few years been greatly widened. Within the field of taxation are to be found many of the safeguards needed to protect the Government against extortion and overcharge. We are not arguing for protection of profiteers; we are arguing for the prosecution of the war and the protection of the good name of honest business men.

## PROHIBITION AND THE PRICE OF COAL

### SPECIAL CORRESPONDENCE

SOME months ago an American corporation contracted to furnish a certain number of rifles for the Russians. When that contract was signed, the corporation was buying coal for \$3.50 a ton. War business started idle factories at full time, and soon the demand for coal was greater than the supply. One manufacturer bid against another and the price of coal went up and up. The coal operators who agreed to supply the rifle-makers at \$3.50 a ton canceled their contract, and now the rifle-makers must pay more than \$6 a ton.

With billions of dollars to be spent in this country in the next few years for war materials and new factories springing up everywhere, it is evident that the demand for coal will grow heavier and heavier. Nothing but a hugely increased output of coal can prevent prices from reaching a ruinous figure.

That increased output has been promised by the coal operators. But there are many things that stand in the way of their success. Manifestly there can be no increase in the number of miners. Largely our coal-miners come from foreign lands, and immigration is now at a very low ebb. The draft will take away some of the men now in the mines. Finally, it is not easy to increase the efficiency of so bulky an organization as the United Mine Workers. Their long struggle for a fair working day and the redress of certain grievances, the widespread ignorance among them of our language and traditions, and the feeling of mistrust and ill will that has too often existed between operators and miners, all will tend to make it difficult to bring about any considerable increase in coal production by the usual methods of speeding up.

Under these conditions, it is interesting to note the effect of prohibition on the output of coal in mines in regions that have gone dry. At the time of the trouble between the Colorado Fuel and Iron Company and its employees it was reported that the company was operating saloons for its men. The company denied this, stating, among other facts, the following:

"With the advent of the Federal troops all saloons in the coal-mining district were closed, and, as a result, the efficiency of the workmen has greatly improved. The average production of coal per man has greatly increased.

"The production of this company's mines in the southern district of Colorado for the first eighteen days of April averaged 5.85 tons per day for each miner at work. That was before the Federal troops closed the saloons.

"For the first eighteen days of June (with all saloons closed) each man produced 6.52 tons, which meant an average increase in wages of over eleven per cent per man."

The Methodist Board of Temperance publishes a letter re-

ceived from W. B. Reed, chief accountant for the White Oak Coal Company, of Macdonald, West Virginia. In part it reads as follows:

"We have made a comparison for three months prior to June 29, 1914, and for three months subsequent thereto, and the result is shown in the tabulation below:

| With saloons. |                | Without saloons. |                |
|---------------|----------------|------------------|----------------|
| April.....    | 10,960.50 tons | July.....        | 24,852.65 tons |
| May.....      | 7,902.20 tons  | August.....      | 16,199.65 tons |
| June.....     | 16,752.70 tons | September...     | 26,761.45 tons |
|               | 35,615.40 tons |                  | 67,813.75 tons |
|               |                |                  | 35,615.40      |
|               |                | Increase....     | 32,198.35 tons |

"It is safe to assume that the same rate of increase would be carried out throughout the entire year, and, if that be the case, the result would show an increased production per annum, due to the absence of liquor in the field, of 128,793 tons.

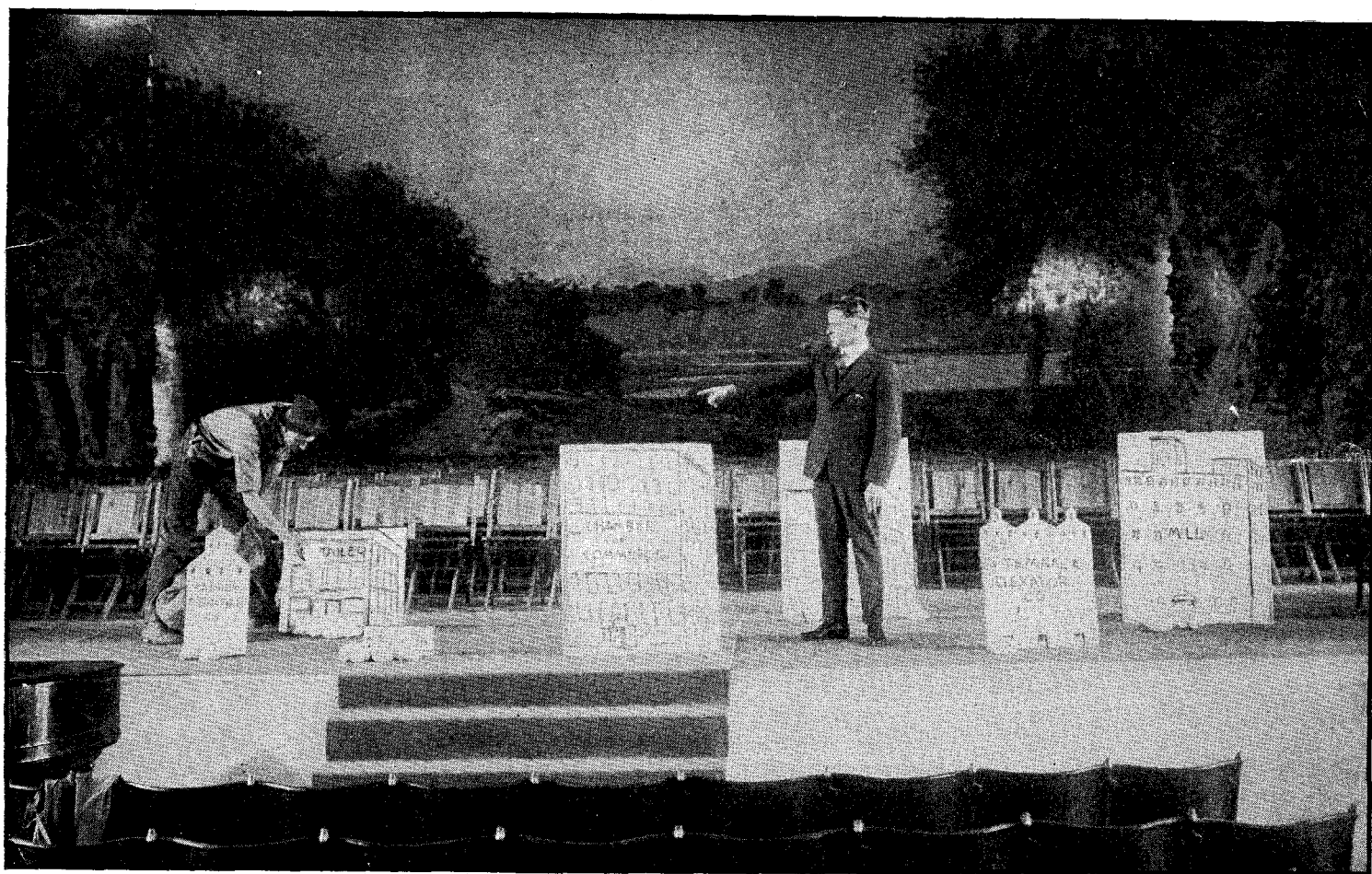
"The production of our mines has increased considerably since that time. I believe there are more men in the field than there have been for a number of years, all of which goes to combat the theory that it is impossible to secure and keep miners unless they can be regularly supplied with booze."

Recently the Rev. H. N. Cameron, of Latrobe, Pennsylvania, wrote to Mr. Herbert Hoover concerning the latter's appeal to the people to be saving of food. In a part of his letter Mr. Cameron said this: "I have lived all my life in western Pennsylvania. Worked for seven years at the rolls, and have seen the effect of beer on output; and I know it is true, as J. D. A. Morrow, of the Pittsburgh Coal Producers' Association, declared before the Inter-State Commerce Commission yesterday, that the production of coal in the Pittsburgh district alone would be increased five million tons if strong drink were eliminated. And beer, may I repeat, the so-called light drink, causes more inefficiency in men and pre-empt's more space in freight trains than whisky."

In fact, all testimony on the subject—from factory, mine, and shop—tells the same story. Take away drink, and the efficiency of the workingman increases amazingly. The simplest, the surest, the only certain way of increasing coal production at this time is by prohibiting drink. Unless we do that our citizens will suffer from cold, our factories will be hampered for lack of fuel, our production of war material will be hindered, the war will be lengthened, and thousands of lives will be lost needlessly. If we want cheaper coal during the war, we must take, as a war measure, the one and only step that will surely increase coal production.

LEWIS E. THEISS.

Muney, Pennsylvania.



COURTESY OF THE "RURAL NEW YORKER," REPUBLISHED BY PERMISSION

#### WHO HANDLES THE WHEAT? A GRAPHIC DEMONSTRATION

Two high school boys showing how the cost of wheat is increased between the farm and the bread-basket

## WHO HANDLES THE WHEAT?

### TRACING THE HIGH COST OF FOOD

**D**ISSATISFACTION with the high cost of living and the price of foodstuffs is destined to grow rather than diminish as the war progresses. The present dissatisfaction is not due to any unwillingness on the part of the American people to make sacrifices in order that their allies may be supplied with food. It is due to a widespread feeling that somewhere between farmer and consumer there exist unnecessary, if not illicit, profits for services of no social value.

Farmers faced by a decreasing supply of labor and an increasing cost of material are finding that their income is not keeping pace with their expenditures. At the other end of the line the consumers are wondering why food which costs relatively little on the farm should have climbed to such aspiring heights by the time it has reached the market basket.

A typical instance of such wonderment comes to us in a letter from an Ohio subscriber. He writes:

Potatoes were selling here on our local market for \$4.25 per bushel. I am on a board of directors of a co-operative elevator company, and to help out the situation we ordered two car-loads of potatoes and sold them at \$3.25 per bushel at a profit, showing that a dollar per bushel needless commission was charged. The local dealers came to our prices while we had potatoes in stock, but put the price up again as soon as we were sold out. Flour on the local market sold at one time for \$18 and \$19 a barrel. Now the best grades are selling at \$14 a barrel. Yet there has been no change in the general conditions to account for this.

Illustrations of this particular kind could be multiplied indefinitely, but they do not go very far towards helping the sufferers to ascertain the exact cost of transporting and distributing foodstuffs. From Minnesota, however, comes an interesting record of an attempt to show graphically exactly where

the waste occurs in the case of a given commodity. This record is reported in the "Rural New Yorker," to which we are indebted for the accompanying photograph and the information which follows.

This picture represents a "graduation address" in a Minnesota high school. The young orator on the stage chose for his subject "The Farmer and His Wheat Market." The stage was set with large placards representing the local elevator, the railway, the Chamber of Commerce, the terminal elevator, the mill, a wholesaler, and the retailer. These, as the picture shows, were placed along the front of the stage, and as the speaker progressed in his discussion of the farmer and his wheat a classmate, dressed in working clothes and representing the farmer, came upon the scene with a hundred pounds of wheat in a sack.

The stage "farmer" was told that he would be obliged to leave two pounds of wheat at the local elevator, six with the railway for hauling the hundred pounds two hundred miles, one pound for the Chamber of Commerce for selling the wheat, one pound at the terminal elevator for handling the crop, seven pounds for the mill for grinding into flour, eight pounds to the wholesaler for selling the flour to the retailer, and eleven pounds to the retailer for selling and delivering what was left of the wheat to the customer. At the end of this demonstration the "farmer" walked off the stage with sixty-four pounds of wheat. The demonstration provided the audience with a graphic illustration of the process of marketing the wheat crop and the number of middlemen who managed to take toll from it.

If similar demonstrations could be given concerning the trail by which other foodstuffs travel from the farmer to the consumer, the general public might be able to reach definite

conclusions as to where the waste in the transporting and in the distributing of foodstuffs occurs. If we are to get any value at all from the great efforts we are making to increase our food production, we must organize for the elimination of middlemen

and the saving of useless profits. Such organization must of necessity become the first consideration of Mr. Herbert Hoover, if Congress permits him to assume the task of United States Food Commissioner.

## THE NEW EDUCATION

### MAKING FARMERS

EDITORIAL CORRESPONDENCE BY LYMAN ABBOTT

LAST March I met at Hampton Institute a delegation of educational experts who had been selected by the Rockefeller Foundation to study the methods of what is probably the most efficient vocational school in the United States, if not in the world, and report on them. The immediate object of this investigation was to get at the truth; but its ultimate object, I do not doubt, was to get the advantage of this truth in promoting a better type of vocational training throughout the United States. Among this delegation I had the good fortune to fall in with Mr Rufus W. Stimson, one of the educational inspectors of the State of Massachusetts especially intrusted with the supervision of the agricultural schools of that State. I very gladly accepted an invitation from him to take, under his guidance and direction, a four days' automobile trip through the State, visiting some of those agricultural schools.

There is in Massachusetts an agricultural college, situated at Amherst. Like other similar colleges, it is not exclusively agricultural. In addition to such practical courses as dairying, farm management, market gardening, poultry husbandry, and the like, it also furnishes scientific instruction in cognate branches, including not only botany, general and agricultural chemistry, and microbiology, but also such subjects as modern languages, rural sociology, and civil engineering. The practical tendency in education in our time is indicated by the fact that in the last ten years the enrollment of students of college grade has increased from 219 to 680.

There are also four agricultural secondary schools devoted wholly to agriculture and cognate arts, including the art of home-making, which, in spite of the scorn of some pseudo-reformers, I hold to be the most fundamental and the most important of all our arts. One of these agricultural schools is endowed; the others have been established under permissive laws of the State by the counties in which they are severally situated.

There are fourteen local high schools provided with agricultural departments equipped to furnish training to such boys and girls as desire to take a course to fit them for practical farming. Not many of the graduates of the college become farmers, though they meet the increasing demand for farm superintendents, who enable some gentlemen of wealth to play at farming, an expensive and losing game when conducted by those ignorant of the science of agriculture, and other gentlemen to combine their money with the intelligence of their superintendents in a quasi-partnership which gives the farm what all large farms need, both adequate capital and scientific supervision.

But the agricultural schools and departments of the high schools are organized and conducted especially for the purpose of preparing boys and girls to conduct farm industries of profit to themselves and to the community. In addition to the fourteen high schools with agricultural departments, there are eight others which hope to open an agricultural course in the fall. It is not unreasonable to anticipate that when the scores of boys who have enlisted for the summer in the present agricultural campaign return to their schools in the fall many of them will wish to continue the work. I passed in my trip one camp of these agricultural soldiers from cultured city homes. They were living in tents, and were earning from one dollar and a half to two dollars a day from the farmers in the neighborhood. The success of their work had silenced the skeptics, and I was told that another score of boys could find employment on the same terms in the same neighborhood if the boys could be obtained.

The most immediately striking feature of the educational

work in the agricultural departments of these high schools is its practical character. The Board of Education requires that each applicant before admission shall be visited at his home by his prospective project teacher, and that a written agreement shall be entered into by both the parent and the pupil by which the pupil agrees to do his best to carry out the teacher's course, including project work, and the parent approves the pupil's application and promises his support and co-operation, pledging himself that the pupil "shall have the time and land, equipment and supplies, required for properly carrying out his Home Project work." Subsequently the project work of the pupil is more specifically defined. He agrees, for example, with the approval of his parent or guardian, to cultivate a quarter of an acre of vegetable garden, or an acre of corn, or six rows of potatoes, or a dozen fruit trees, or to take care of a cow or a couple of pigs or a score of hens. I can best illustrate this by reprinting here his project card:

| MASSACHUSETTS BOARD OF EDUCATION                                            |                                                |
|-----------------------------------------------------------------------------|------------------------------------------------|
| VOCATIONAL AGRICULTURAL PUPIL'S EMPLOYMENT                                  |                                                |
| STATE INSPECTION RECORD                                                     |                                                |
| Location of School or Dept. <i>Ashfield</i>                                 | School Year Ending <i>June 22</i> 191 <i>7</i> |
| Pupil's Name _____                                                          | Age <i>16</i>                                  |
| Home Address <i>Cummington, Mass.</i>                                       | Or, Working Address _____<br>(if working out)  |
| Home Projects (Breeds, Varieties, Extent, etc.) <i>11 Apple Trees</i>       |                                                |
| <i>1 A. Mangels (Norbiton long red). 3 Dairy Cows to June 1st</i>           |                                                |
| School Projects do. _____                                                   |                                                |
| Other Farm Work <i>Crops—Teaming—Haying—Milking—Horses</i>                  |                                                |
| Non-Agricultural Work <i>None</i>                                           |                                                |
| Project Work Instructor and Supervisor <i>H. L. Whittemore</i><br>(name of) |                                                |

I have filled up the blanks from an actual card in my possession, leaving out only the name of the pupil. The teacher visits the pupil at his home and rates him according to the skill and industry which his home project indicates. The condition and yielding of his hens or his corn or his cow or his fruit trees constitute his weekly or bi-weekly examination, and the pupil never knows when his teacher is coming. The teacher is not allowed to take more pupils than he can visit, as a rule weekly, at their homes, and at least as often as every two weeks. The maximum number of pupils allowed to any teacher is twenty.

It is not enough that the teacher possess a scientific knowledge of agriculture. That is perhaps the least important of his qualifications. He must have a practical knowledge of the farm and the farmer's life; must be able to see the farmer's problems as a farmer sees them; must have had extensive practical experience on a farm; and must have tact, force, and a vital interest, not only in raising crops, but in raising boys and girls. Perhaps the easiest way to put his problem before the reader is to portray a not wholly imaginary case.

The Massachusetts law requires that the children of the State shall be kept in school until they are fourteen years of age. At fourteen the child may be taken out of school and set to work as a money-getter. The father has been looking forward

to the time when his boy, hitherto only an expense, shall become profitable to him. He has a poor opinion of "book learning" and an exaggerated opinion of his own ability to teach his boy better than the school can teach him. But the boy has no inclination to abandon his school life and his schoolmates and go to the drudgery and the lonely life of the farm. He tells his teacher of his desire to go on with his school work; but he cannot go on with his school work without his father's consent. Now is the teacher's opportunity and the teacher's problem. Opportunities are always problems and problems are generally opportunities. The teacher goes to see the father. For this interview he is equipped by his practical familiarity with farm life and farm problems. He may find a father eager for the better education of his child. Then the teacher's problem is simple. He may find the father indifferent or even hostile. Then the teacher's problem is difficult. He succeeds, however, in getting the farmer to talk the matter over with him. What farm work does the boy do? The work for the boy to do is outlined by the father. What would the father have to pay a boy from outside to do that work? The material for an answer is right at hand. Other farmers are paying two dollars a day for the work of boys who have had no experience on a farm, and therefore are presumptively worth less than his boy. How much do the food and clothing of his boy cost? At this period of the interview the mother is called in. The mother is generally more eager than the father for her son's education. Together they figure up the cost in dollars and cents of the boy's keep, estimating at market prices for all the farm food which he consumes.

The boy never before realized that he was paid anything for his work. To him it was unpaid drudgery. The father never before realized that he was making money out of his boy. Perhaps never before in their lives did the father, mother, and son sit down to discuss together the problem of their common life. The father sees a little light and is ready to listen to a practical proposition. It comes from the teacher in some such form as this: Let your boy do as much of the farm work as will fairly pay the cost of his keep. Let him have some hens or a cow or a piece of ground as his own and make what he can out of this, his Home Project. Let him come to the school in such time as he has left and get what we can give to him. And I will come once a week or once a fortnight, will supervise his work and give him my counsel, not only on his Home Project, but on his farm work. This will cost you nothing. The boy's work will pay you for his keep; the education in school and at home will benefit him and increase his earning capacity; you can try the experiment for a year, and then bring it to an end if it does not succeed. Often the father accedes cordially to the proposal when thus put before him; if not, he finds it difficult to stand out against the influence of the teacher, the desires of the boy, and the persuasions of the mother. The boy is entered in the agricultural department of the high school. He lives at home; pays for his living by his work; has a minute farm assigned to him for himself; and has a teacher whose wise friendship is a guarantee against failure.

Not the least advantage of this arrangement is the new relationship established between father, mother, and son—a relationship of mutual regard. The son realizes what his parents are doing for him, because he pays them by his work the recognized market price. The father recognizes the value of his boy because the profit earned by his boy's work has been estimated in conference with him by an impartial outsider. The husband and wife get at least a glimpse, which they had not before, of their economic value to each other and of their boy's economic value to them. They thought that he was a burden; they discover that he is an asset. And the boy gains a new self-respect as a valuable member of the household and finds an inspiration in his work which makes it no longer drudgery. The whole household becomes naturally a profit-sharing concern, which before they did not know themselves to be.

What if the father refuses his consent? In one such case the boy lost his chance for further education. In another case the boy, after working a year or two for his father, gave him notice that he would leave the home and shift for himself unless he was permitted to resume his schooling with a Home Project as a part of his schooling. Then the father surrendered. But in most cases the father's affection for the boy is stronger than

ignorance and prejudice combined, and, after the advantages of the plan have been clearly and simply put before him, he consents that his boy go on with an education which the home and the school combine to give him.

Generally one year of this experiment is sufficient to win for its continuance the father's cordial approbation. The teacher's instruction to the boy is in turn imparted to or picked up by the father. He finds that "book learning" is not useless when it is understood by a practical farmer and applied in the practical treatment of the farm. Thus in one case a boy had as his Home Project six rows of potatoes in his father's potato field. The father sprayed the potatoes with arsenate of lead, which protected them from insects; but arsenate of lead does not protect from blight. The boy learned this fact at school, and, coming home, asked permission to spray the potatoes also with Bordeaux mixture. The father thought this a needless expense, and declined. Then the boy asked permission to make enough Bordeaux mixture to spray his own Home Project, and the father assented. In the fall the boy's potato vines were flourishing, the father's potato vines were dead. The next spring the father told the boy to prepare the necessary amount of Bordeaux mixture for the protection of the next year's crop and bought a barrel and pump sprayer. In another case the boy learned in school the relative cost of purchasing a fertilizer compared with the cost of purchasing the materials and making a fertilizer, and learned that the farmer is at a disadvantage in buying his fertilizers at retail prices and selling his products at wholesale prices. He learned from the school that by combining with other farmers his father can buy fertilizers by the car-load, and by selective packing of his fruit can secure a higher price for the better grades. The result was an enrichment of the entire community. I went into one orchard where the school-boy had half a dozen apple trees as a part of his Home Project. Even with my unpracticed eyes I could see the advantage to the trees from his scientific pruning. In another part of this same farm the boy, as a part of his Home Project, was starting new trees from grafted cuttings from his father's orchard, thus saving the expense of a purchase from the nursery. Where sympathetic relations are established between the boy and his father, and also between the teacher and the boy, sympathetic relations between the school and the farm follow naturally and almost inevitably.

The public appreciation of the boy's success adds to the boy's new standing in the family. The boy is not without honor save in his own household, and when the honors which he has won outside are reported to the household his father and mother share in the pride of his achievement. The boy's examinations are conducted partly, at least, on the farm or in connection with his farm work. The boys are taught how to judge cattle and other farm products. These boy judges are themselves judged in turn by a committee of experts. On one farm which I visited the boy had won a prize for the wisdom of his judgment. The prize was a young Jersey bull—pure-bred and registered—and we went out to the pasture to see it. The boy's pride in showing us his prize was delightful to witness. It needs no great imagination to enable one to realize what the possession of that bull meant, not only to him, but to his father and his mother. Another boy had earned as his prize a trip to Washington, D.C. Can any one doubt that this journey to the Capitol of his country, which the father and mother had never visited, gave him a new standing, not only in the home, but in the farms in the immediate vicinity?

Farming is a much more intricate operation than the average city-bred person imagines. We shall all know a little more about it after the experience in farming which the country is getting this year. I heard on this trip of one enthusiastic lady who to prepare her potatoes for planting cut them in slices, as she would for frying. I wonder what harvest she will get? I heard of an enthusiastic gentleman who to prepare his field for potatoes plowed just deeply enough to turn the sod over and give it a fresh chance to grow. There are only eleven girls in Massachusetts who are taking the agricultural course, though there are hundreds who are taking the course in home-making. I visited one of these eleven girls on her farm. I had been told before that her health was so poor and her intellectual equipment so inadequate that the teacher and the doctor

combined to advise that she be taken out of school. She was, however, allowed to enter the agricultural department. She came out to our automobile. A brighter and more intelligent face, healthier color, more vigorous action, no one would ask to see. She brought us her account-sheets, in which she had carefully kept all the expenses for food for her animals and seed for her ground, and in which she had credited herself with the market value of all her products. She knew exactly what the profit of her agricultural ventures had been. This girl, who the teacher and the doctor thought must leave the school, won last year the first prize in potato-growing in competition with not only the ten other girls but also the five hundred boys pursuing agricultural education. There is evidently no sex prejudice in this agricultural education. A second prize in judging live stock at the Eastern States Exposition last October was won by a girl in competition with a hundred boys from the Northeastern States, including all of New England, New Jersey, and Pennsylvania. Her prize was a pure-bred Jersey bull calf of the finest lineage—a calf for which she has refused fancy prices. The total value of the prizes won in Massachusetts agricultural schools in 1916 was \$1,491.80.

It was a delight to see the pride which these young farmers took in their work, the smiling welcome which they gave to their teacher, the fellowship between the two—born of common interest in the soil and its products—their freedom from all self-consciousness in talking with us strangers, and the exactitude of their knowledge in reporting the results of their work. They knew just how many eggs they had gathered from their hen yards, how much profit they had made from the pigs, how many quarts of milk they got from their cow. There was never any guesswork. Not less inspiring was it to see the estimate they put upon education. One boy went every day five miles to his school and five miles to his home in return. He had, it is true, a bicycle, but the road was so hilly that the bicycle carried him only one-half of the distance, while he, so to speak, carried the bicycle the other half. Another boy lived ten miles from his school, going back and forth once a week, yet contriving to keep up his Home Project successfully.

The interest of these pupils is not purely an industrial interest. The education is not merely an education in soils and crops. It includes not only a practical acquaintance with simple book-keeping, but a practical habit of so keeping the books as to insure wise economies and wise expenditures. To be a really successful farmer one needs to know, not only something concerning soils and fertilizers and crops, but also something concerning markets. These school boys and girls are required as part of their education to do very careful bookkeeping. There lie before me copies of the account-sheets kept by some of these pupils. One of them, for example, "a pupil's approved individual cow account," gives in tabulated form the pounds of milk furnished by the cow each month, a statement of the cost of feed so itemized as to show the cost of each article, the proceeds received from the sale of the milk, and the profit or loss of the cow for each month. Another table gives a summary of all the other earnings of the boy, including playing the violin for an evening entertainment, the boy being a capable musician. A third table is a condensed financial statement for a year on a dairy project covering five cows, and was accompanied by an individual record of these five cows. This particular table I transfer to these pages (substituting only the boy's initials for his name), at the top of the next column; it shows better than words could do how the boys learn to render condensed and simplified accounts, how to handle their figures, how to think straight, and how to boil the results down so that at a glance they or their parents or instructors may perceive the result in dollars and cents of the year's industry.

Nor is this all. These agricultural departments in the high schools include cultural as well as vocational training. Roughly speaking, about one-half the pupil's time is devoted to his farm work and the scientific education required to make that farm work of the best quality. The other half of the pupil's time is devoted to study in the school of such topics as English; social science, including community civics and economics; natural science, including biology, physics, and chemistry; drawing; shop work; some of the more elementary commercial themes; physical training; and the opportunity for music and recreation.

TABLE NO. 13—COPY OF A PUPIL'S APPROVED "FINANCIAL STATEMENT" ON A DAIRY PROJECT

H. C. N.

| Date | TRANSACTIONS                      | HOURS |       | DAIRY    |          |
|------|-----------------------------------|-------|-------|----------|----------|
|      |                                   | Man   | Horse | Receipts | Expenses |
|      | 1914 Financial Statement          |       |       |          |          |
|      | My labor . . . . . at .25         |       |       |          | \$161 60 |
|      | Other man labor . . . at .20      |       |       |          | 90 58    |
|      | Miscellaneous expenses . . .      |       |       |          | 65 64    |
|      | Net profit . . . . .              |       |       |          | 144 80   |
|      | Manure, 55 tons . . . . at \$1.50 |       |       | \$82 50  |          |
|      | 5 calves . . . . . at 4.00        |       |       | 20 00    |          |
|      | 31,342 lbs. milk . . . . at .022  |       |       | 689 52   |          |
|      | Stock bought . . . . .            |       |       |          | 25 00    |
|      | Inventory, 1913 . . . . .         |       |       |          | 243 00   |
|      | " 1914 . . . . .                  |       |       | 336 75   |          |
|      | Feed . . . . .                    |       |       |          | 398 24   |
|      | Totals . . . . .                  |       |       | 1,128 77 | 1,128 77 |

Some tragedies this farm work has averted. In one farm which we visited the father had died, leaving a boy of seventeen the sole support of his widowed mother. Their means were limited. He had one cow and no horses. To get his field plowed he swapped work with his neighbor. But he found time to attend the school, and it was clear that the friendly fellowship of his teacher saved him from the loneliness of what would otherwise have been a most pathetic life and enabled him to feel that he was really an appreciated member of a great industrial community. Another boy with curvature of the spine had cultivated a little plot of ground adjoining his village home and sold the products from a push-cart until he had made enough to buy, I think it was, two acres of land, where he was cheerfully working as we passed by, and from which he came to us with beaming face to greet his friend the teacher. In still another case we found two pioneer boys who were redeeming a plot of ground from a forest. They had lived one year in a tent while they were building the not uncomfortable-looking shack which is now their home. How the half-dozen forest trees had been felled I do not know, but they had rooted out the stumps and dug up the plot of ground which constituted the beginning of their farm. My companion expressed her admiration for their grit by remarking to one of the boys: "I should not like to do that hard plowing." His reply was: "I like it, and that is the difference between you and me."

This development of pride in hard work struck me as one of the most notable benefits of this farm education. One of the pupils whom I visited had taken, with his brother, a large Home Project, and he told us with evident pleasure, not as a matter of boasting, but in response to our inquiry as to his hours of labor, that the day before he had risen at half-past five in the morning to do his chores, including the milking of twelve cows before breakfast, and at a quarter past nine at night had been putting some seed into the ground by lantern light because he wanted to get the job done that day.

The Home Project, planned at the school, studied at both school and home, executed by the pupil, and sympathetically supervised by the expert agricultural instructor traveling from farm to farm, is the dominant feature of the Massachusetts system of vocational agricultural education. There are no school dormitories in this system. The Home Project is no less characteristic of the four separate and county agricultural schools than it is of the one-teacher or two-teacher departments in high schools. Everywhere it is a system of "earning and learning;" and the earnings are of considerable economic importance, amounting for five hundred pupils in 1916 to \$75,766.53.

I am not so much interested in what these boys and girls are doing for the soil as I am with what the soil is doing for these boys and girls. This form of agricultural education seems to me to throw no little light on some of the perplexing problems of our American life. It is a great unifier. It brings the school and the home together; the teacher and the parents together; education and life together; and, what is perhaps best of all, fulfills the promise of the Hebrew prophet and turns the heart of the fathers to the children and the heart of the children to the fathers.

# THE AMENDED FEDERAL RESERVE LAW—INFLATION VERSUS CREDIT EXPANSION

BY THEODORE H. PRICE

EDITOR OF "COMMERCE AND FINANCE"

IT is surprising that the amendments to the Federal Reserve Law that were passed in Congress and signed by the President on June 21, 1917, have not attracted more general attention. The preoccupation of the country in the war probably accounts for the inattentiveness of the business community toward the most important financial legislation that has been enacted since the Federal Reserve Law itself was passed.

Some eleven amendments in all were adopted. Nine of them deal with routine or mechanical aspects of the Federal Reserve Act and are comparatively unimportant. The other two—i. e., amendments No. 7 and No. 10—have to do with the issuance of Federal Reserve notes and the reserves that member banks shall maintain, and are destined to have a profound effect upon the financial future of the United States and of the world now that we have undertaken to provide so large a portion of the credit that will be required in the prosecution of the war.

Messrs. Wrenn Brothers & Co., of Boston and New York, are one of the few firms that have made a study of the changes that will be accomplished when these amendments become effectively operative.

In a circular upon the subject, written from Boston on the 29th of June, they say:

The monetary legislation of last week has no precedent since the Bland-Allison Silver Purchase Act of 1878, and no good precedent since the Legal Tender Act of 1862. The creation of a large volume of paper money has always been the American remedy for scarcity of savings or loanable funds. It was first tried in 1690, when Massachusetts issued bills of credit to pay her soldiers, and ever since then her legislators have enacted some inflationist legislation on an average of about once in every fifteen years. Under the Federal Reserve amendments just enacted it seems likely that issues of Federal Reserve notes may be eventually sufficient to raise the total of our bank notes well above two billion dollars. The main effect of the amendments is greatly to decrease the security behind the Federal Reserve notes and the actual cash reserve behind individual bank deposits. In practice, the new law promises to reduce the commercial paper required behind the notes from one hundred per cent to sixty per cent; to transfer hundreds of millions of dollars of gold reserves from the National banks, where the gold is being held intact, to the Federal Reserve banks, where as much as sixty-five per cent of it can be loaned out; and to further reduce bank reserves by lowering the reserve requirements. In this way the ground is cleared for expanding our note circulation and overexpanding our bank loans beyond all reasonable limits; and the Federal Reserve system is converted, at least in its legal architecture, from the bulwark against inflation and panics into an instrument of inflation.

What may be the ultimate consequences of this virtual authorizing of an almost unlimited amount of notes need not be considered now, since they are far off, but the immediate effect should be to further stimulate the rise in all sorts of prices. Bank-note inflation or any kind of paper-money issues in excessive volume always has this result. Simultaneously, it brings about larger profits, higher wages, and greater incomes—at least on paper. The new legislation seems bound to produce a further boom in business, although it is likely to be of the same sort as those of 1890 and 1864.

We do not wish to be understood as definitely predicting that our Federal Reserve notes will sell at a discount or gold at a premium; for this is a question which depends upon the amount of notes issued. If they are issued in large enough volume, gold will certainly go to a premium, since the cheaper money is always the money that circulates. But even if gold does not go to a premium, the large note issues must at least have some subtle tendency toward inflation. A premium on gold does not occur until the paper money inflation becomes plain to all. In any case, the mere enactment of the law is a sufficient reason for investors to begin to anticipate or discount its effects.

The foregoing probably expresses the more extreme view of the effect that is likely to follow the expansion of credit that is made possible by the modifications of the Federal Reserve Act for which the amendments provide.

I do not fully agree with it, as I think it disregards entirely the large discretionary power that is vested in the Federal Reserve Board and the conservatism with which that power will probably be exercised.

It is, however, undeniable that in theory at least a very great enlargement of bank loans and deposits is now possible under the Federal Reserve Act, and with the Government borrowing on a huge scale and gold pouring into the country at the present rate, the temptation to employ the credit so created will be hard to resist.

Speaking on this subject recently before the Western Economic Society of Chicago, Mr. Adolph C. Miller, one of the members of the Federal Reserve Board, said:

When the amendments which have just passed Congress providing for a greater concentration of the gold holdings of the country in the Federal Reserve banks become effective, the twelve Federal Reserve banks will have a normal credit-lending and note-issuing power in the aggregate of about \$2,000,000,000. Thus far, less than one-fourth of this power has been utilized in extending accommodation to the money markets of the country, whether through the member banks of the Federal Reserve system or otherwise through open-market operations. The system possesses, therefore, an untouched margin of lending power of some \$1,500,000,000. When it is recalled that a dollar of reserve credit extended to a member bank by a Federal Reserve bank may multiply itself by fivefold or more in the lending power of the member bank, it is at once apparent that the banks composing the Federal Reserve system—member banks and Federal Reserve banks together—have a potential credit capacity for the borrowing community of some \$7,500,000,000. This is an enormous potential credit power. But it is important that we should recognize that such power has its dangers and temptations as well as its protective strength and reassurance.

All this, however, assumes that the reader understands what the Federal Reserve Law was before the amendments were adopted and what it now is. Probably this is not the case. Despite the thoroughness with which the Federal Reserve Law was debated in the newspapers when it was originally passed, there are very few business men other than bankers who comprehend its provisions, and still fewer who have even read the amendments recently adopted.

A popular exposition of the subject is, moreover, exceedingly difficult. It is unlikely that one man in a hundred or one woman in five hundred understands what a bank reserve is and why it must be maintained. An even smaller proportion of our population realize that we have nine different sorts of money in circulation, viz.:

1. Fractional currency—cents, "nickels," dimes, quarters and half-dollars.
2. Silver certificates.
3. Gold certificates.
4. Gold coin.
5. Silver dollars.
6. U. S. notes (greenbacks) and Treasury notes.
7. National bank notes.
8. Federal Reserve notes.
9. Federal Reserve bank notes.

The words money, capital, and credit are, moreover, so constantly used and understood as meaning the same thing, when, in fact, they are very different things, that it is almost impossible to explain the technique of banking to any but the initiated, who need no explanation. Our banks and banking laws have, however, come to affect our National and international life so intimately that it is necessary that we should understand them, and I will therefore make an effort to expound their operation in terms that will be comprehensible to the average person.

It is to be presumed that every one knows that banks receive money with the understanding that they can lend it, and that, as most of the loans made are for a specific period, it is impossible for any bank to discharge all its deposit liabilities

instantly, although they are theoretically payable upon demand.

Under normal conditions, a bank receives about as much cash as it pays out, and is thus in a position to meet the usual demands of its depositors for currency. It occasionally happens, however, that there is a "run on the bank." For some reason people become alarmed and many of them commence to demand their money at the same time. If the bank cannot pay them, it must suspend; and to meet this situation it has always been considered necessary that a certain proportion of the deposit liabilities should be kept on hand in cash.

This cash is called a reserve. In the case of our National banks the proportion that it should bear to deposits has always been fixed by law, and this proportion has been varied chiefly according to the population and financial importance of the cities or towns in which the banks were located. Under the old National Banking Law, these cities were divided into three groups:

Group 1 comprised New York, Chicago, and St. Louis, which were called Central Reserve cities, and the banks in these cities were required to keep their reserves entirely in lawful money cash and in their own vaults.

Group 2 included most of the other cities having a population of over 200,000. They were called Reserve cities, and the banks in these cities could keep a certain portion of their reserve on deposit with banks in the Central Reserve cities.

Group 3 included the places not classed as Central Reserve or Reserve cities, and the banks in these places were called "Country banks," and were permitted to keep a specified portion of their reserve on deposit with the banks in the Central Reserve or Reserve cities.

When the Federal Reserve Law was passed, this classification of the cities and banks was preserved, but the percentage of reserve required was reduced, and it was decreed that part of it must be kept with the newly established Federal Reserve banks, which could in turn lend it, subject to reserve requirements. In the amendments to the Federal Reserve Law recently approved the percentage of reserve required is still further reduced, and it is mandatory that all of the reserve must be kept as a credit with the Federal Reserve bank of the district in which the member bank is located. That these progressive reductions in the reserves legally required and the changes that have been made in the way and place that they are to be held may be better understood, the following table has been prepared:

|                                      | Reserve Required under Old National Banking Law.                                       | Reserve Required under Federal Reserve Act December 23, 1913. | Reserve Required under Federal Reserve Act as Amended June 21, 1917. |
|--------------------------------------|----------------------------------------------------------------------------------------|---------------------------------------------------------------|----------------------------------------------------------------------|
|                                      | Minimum Per-cent Where Kept                                                            | Minimum Per-cent Where Kept                                   | Minimum Per-cent Where Kept                                          |
| <b>Central Reserve Banks:</b>        |                                                                                        |                                                               |                                                                      |
| Reserve Required on Demand Deposits. | 25 }<br>All in own vaults                                                              | 18 }<br>6-18 in own vaults<br>7-18 in Federal Reserve bank    | 13 }<br>All in Federal Reserve bank                                  |
| Reserve Required on Time Deposits.   | 25 }                                                                                   | 5 }<br>5-18 in Federal Reserve bank or own vaults             | 3 }                                                                  |
| <b>Reserve Banks:</b>                |                                                                                        |                                                               |                                                                      |
| Reserve Required on Demand Deposits. | 25 }<br>1-2 in own vaults and 1-2 Central Reserve banks or own vaults                  | 15 }<br>5-15 in own vaults<br>6-15 in Federal Reserve bank    | 10 }<br>All in Federal Reserve bank                                  |
| Reserve Required on Time Deposits.   | 25 }                                                                                   | 5 }<br>4-15 in Federal Reserve bank or own vaults             | 3 }                                                                  |
| <b>Country Banks:</b>                |                                                                                        |                                                               |                                                                      |
| Reserve Required on Demand Deposits. | 15 }<br>2-5 in own vaults and 3-5 in Central Reserve or Reserve banks or in own vaults | 12 }<br>4-12 in own vaults<br>5-12 in Federal Reserve bank    | 7 }<br>All in Federal Reserve bank                                   |
| Reserve Required on Time Deposits.   | 15 }                                                                                   | 5 }<br>3-12 in Federal Reserve bank or own vaults             | 3 }                                                                  |

From this comparison it will be seen that the bank reserves now required average nearly fifty-five per cent less than those that had to be maintained before the Federal Reserve Law

went into effect. The deposits in the member banks of the Federal Reserve system upon which reserves are calculated probably aggregate about \$10,000,000,000. This sum is generally distributed about as follows:

|                                    |                                  |
|------------------------------------|----------------------------------|
| In the Central Reserve cities, say | 30 per cent, or \$3,000,000,000. |
| " " Reserve cities, say            | 30 per cent, or 3,000,000,000.   |
| " " Country banks, say             | 40 per cent, or 4,000,000,000.   |

With these figures as a basis, we can calculate the reserves required under the old National Banking Act and the present Federal Reserve Law as follows:

| Banks.          | Deposits.        | Per cent. | Reserve under National Banking Act. Amount. | Of which Cash in Vaults. | Per cent. | Reserve under Amended Federal Reserve Law. Amount. | Of which Cash in Vault. |
|-----------------|------------------|-----------|---------------------------------------------|--------------------------|-----------|----------------------------------------------------|-------------------------|
| Central Reserve | \$3,000,000,000  | 25        | \$750,000,000                               | \$750,000,000            | 13        | \$390,000,000                                      | None                    |
| Reserve         | 3,000,000,000    | 25        | 750,000,000                                 | 375,000,000              | 10        | 300,000,000                                        | "                       |
| Country         | 4,000,000,000    | 15        | 600,000,000                                 | 240,000,000              | 7         | 280,000,000                                        | "                       |
| Total           | \$10,000,000,000 |           | \$2,100,000,000                             | \$1,365,000,000          |           | \$970,000,000                                      | "                       |

From this it would appear that the actual cash reserve under the old system would have been \$1,365,000,000, whereas no cash at all is required under the Federal Reserve Law, the entire reserve of \$970,000,000 being kept as a credit with the Federal Reserve banks. This statement is, however, misleading. The member banks will certainly keep some cash in their vaults to meet the current demands of their depositors, and the Federal Reserve banks are required to keep a reserve of thirty-five per cent in lawful money against their deposits.

The latter would therefore have in their vaults or the United States Treasury at least thirty-five per cent of \$970,000,000, or, say, \$339,500,000 in lawful money, as against the \$1,365,000,000 in legal tenders that would have been required under the old National Banking Act.

The cash that may be put into circulation under the Federal Reserve Law as amended is therefore about \$1,025,500,000 in excess of the amount which could have been in circulation three years ago had our bank deposits then been as large as they are now.

Viewed in the light of these figures, an increase of about one billion dollars in the money in circulation would seem to have been made possible by the Federal Reserve Law as it has now been developed. A further and much greater credit expansion is, of course, possible under the rediscount provision of the law and the amendments thereto, which permit member banks to obtain Federal Reserve notes against the gold or eligible commercial paper which they may deliver to the Federal Reserve banks.

As the Reserve banks must, however, maintain a gold reserve of at least forty per cent against the notes so issued, there would seem to be but little likelihood that gold will go to a premium because of the superabundance of Federal Reserve notes, and the suggestion of such a possibility is somewhat fantastic and far-fetched.

The note issue will be automatically responsive to the variations in the gold supply, and the rate of interest asked for rediscounts will no doubt be advanced when gold is withdrawn in quantity. This is the time-honored method by which the great European banks have always been able to protect themselves in the past, and there would seem to be no reason why it should not work in this country unless the Government itself suspends specie payment, which is a contingency that no banking laws can provide against.

The important questions that are raised by the amendments to the Federal Reserve Law are therefore:

1. Will the credit expansion that is made possible by the reduction in reserves lead to inflation?
2. Is an ultimate reserve of only \$339,500,000 in lawful money adequate in the case of a banking system whose deposit liabilities to the public aggregate \$10,000,000,000? This is a ratio of 3.39 per cent, and it will, we may assume, be a continuing one as deposits increase or diminish.

The answer to the first question depends, of course, upon the reply made to the second.

If the reserve is adequate and specie payments can be maintained upon a reserve of 3.39 per cent in lawful money, there can be no inflation in so far as inflation means a depreciation in the standard of value. Credit expansion there will be, but so long as

the credit extended is based upon values reckoned in terms of gold it will not tend to advance prices except as gold itself may depreciate or the increased credit available shall stimulate enterprise and quicken or enlarge the per capita consumption.

The second question cannot be so confidently answered. There are some who express great apprehension lest the reduced reserve may prove to be inadequate in times of financial stress. Thus the "Financial Chronicle" calls attention to the fact that the thirty-five per cent of gold held against the thirteen per cent reserve which the New York City banks are required to keep *on deposit* with the Federal Reserve bank will be equal to only 4.55 per cent of their net deposits, and it takes the New York Clearing-House to task for countenancing the reduction, asking: "What assurance of safety has the financial community when the former stronghold of sound banking principle thus complacently yields up its old-time convictions, and becomes a convert to the fantastic theories of the new cult, and where is the process to end?"

If the reduced ratio of reserve thus established did not include the entire country, if, for instance, the banks of New York City were a segregated group whose entire lawful money reserve was limited to the 4.55 per cent of their deposits held in the Federal Reserve banks, the criticism of the "Chronicle" might apply; but this is not the case. The Federal Reserve banking system now includes nearly eight thousand banks scattered throughout the entire country.

The gold held by the Federal Reserve banks is, in effect, a common fund that can be speedily mobilized for use in any section where it may be required.

It is unlikely and in fact almost inconceivable that there should be a Nation-wide desire to convert bank deposits into cash. Panics are usually local affairs, due to local causes, and with the added strength that is given to our banking system by the Federal Reserve Law it seems altogether improbable that there will be any widespread panic. While Federal Reserve notes are not a legal tender, they are redeemable in gold at the Federal Reserve banks and the Treasury, and timid depositors would doubtless be glad to accept them in satisfaction of their demands. They can be promptly obtained upon the presentation of eligible commercial paper at the Federal Reserve banks, and with the currency thus provided a solvent bank could meet almost any run that might be made upon it.

There is no banking system that can be made safe against a universal desire to convert deposits into cash. Even with their twenty-five per cent reserve in their own vaults, the New York banks were frequently compelled to suspend cash payments and issue Clearing-House certificates. The strength of any bank or banking system depends not so much upon its reserve as upon its ability to retain the complete confidence of its depositors.

A reserveless bank would be possible if an impairment of credit were impossible; and the Federal Reserve system, with its reduced reserves, seems to be a step in this direction. It is an application in the financial world of the maxim which says that "United we stand, divided we fall," and as such, while and as long as the Federal Reserve Board is composed of wise and conservative men, it will probably be found that the reserve ratio is an academic rather than a practical question.

*Postscript.*—Before printing the foregoing it was submitted in proof to several friends who have made a close study of the Federal Reserve Act and its amendments, and know more of the subject than I do. Some of them think that I have not made it sufficiently clear that the member banks will have to keep on hand a certain amount of "till" cash, out of which to supply those depositors who demand currency.

It is suggested that five per cent of the deposits will probably be so held in lawful money, and that the actual or effective reserve will therefore be increased by that amount. This is probably true, although some bankers with whom I have talked seem to feel that the amount of cash so held is likely to be nearer three than five per cent, and say that they doubt if the banks will much concern themselves as to whether it consists of Federal Reserve notes, National bank notes, or lawful money.

One bank officer in particular said that he proposed to keep on hand "whatever sort of money came handiest," as he could "always get gold from the Federal Reserve bank if his customers became finicky."

This, I am inclined to think, will be the attitude of most

bankers, as they realize that the public does not discriminate between the various classes of currency in circulation.

Attention is also called to the fact that under the amendments to the Federal Reserve Act it will not be possible to count items in the mails that have been remitted to reserve agents as part of the legal reserve, as has hitherto been the practice.

This is also true, but I did not advert to it because it was a technical detail that would not be understood by the general public. My aim, moreover, has not been to discuss "extra-legal" probabilities, but the credit expansion made *legally possible* under the Federal Reserve Act as amended. Under any law prudent bankers will probably keep their reserves well above the legal minimum. Most of them did this under the old National Banking Act, and they will doubtless continue to do so under the present law.

My object is to refute the idea that dangerous "inflation" or credit expansion is possible under the Federal Reserve Law as it has been amended, and I hardly think my argument would be strengthened by an allusion to practices that are optional and not mandatory.

It has also been suggested that I should explain just what is meant by the terms "legal tender," "lawful money," and "currency," as used in what I have written. As to this I cannot do better than quote the official statement of the United States Treasury, which says:

Lawful money is a term used to denote the legal-tender quality of money, and first originated in the act of February 25, 1862, authorizing the issue of United States notes. Legal tender is a quality given a circulating medium by Congress, and, possessing this quality, it becomes lawful money. All forms of money do not possess full legal-tender qualities, yet each kind has such attributes as to give it currency, and all forms are convertible into standard money. The Secretary of the Treasury is required to maintain the parity of all kinds of money with the standard unit of value, and, if necessary to maintain such parity, he is authorized to borrow or buy gold.

The status of each kind of money is as follows:

1. *Gold coin* is legal tender at its nominal or face value in payment of all debts, public and private, when the coin is not below the standard weight and limit of tolerance prescribed by law, and when below such standard weight and limit of tolerance it is legal tender in proportion to its weight. Being standard money, gold coins are not redeemable.

2. *Gold certificates* are not legal tender, but are receivable for all public dues, and when so received may be reissued, and they may be held by Federal Reserve and National banks as lawful reserve. Gold certificates are receipts for actual deposits of gold in the Treasury and are redeemable in gold coin by the Treasurer and all Assistant Treasurers of the United States.

3. *Standard silver dollars* are legal tender at their nominal or face value in payment of all debts, public and private, without regard to the amount, except where otherwise expressly stipulated in the contract. Being standard money, standard silver dollars are not redeemable.

4. *Silver certificates* are not legal tender, but, like gold certificates, they are receivable for all public dues, and when so received may be reissued, and they may be held by Federal Reserve and National banks as lawful reserve. Silver certificates are receipts for actual deposits of standard silver dollars in the Treasury, and are redeemable in such dollars only.

5. *Treasury notes of the Act of July 14, 1890*, are legal tender for all debts, public and private, except where otherwise expressly stipulated in the contract. They are redeemable in United States gold coin or in standard silver dollars, at the option of the holder, by the Treasurer and all Assistant Treasurers of the United States. When received by the Treasurer, they are canceled and replaced by silver certificates.

6. *United States notes* (also known as greenbacks and legal tenders) are legal tender for all debts, public and private, except duties on imports and interest on the public debt. Upon the resumption of specie payments January 1, 1879, these notes were accepted in payment of customs dues and have been freely received on that account since, though the law has not been changed. They are redeemable in United States gold coin in

# CURRENT EVENTS ILLUSTRATED



(C) HARRIS & EWING

LIEUTENANT J. H. TOWERS

Member of the joint technical board of the Army and Navy and of the Aircraft Production Board



(C) HARRIS & EWING

CAPTAIN AMAURY DE LA GRANGE, OF THE FRENCH AVIATION CORPS

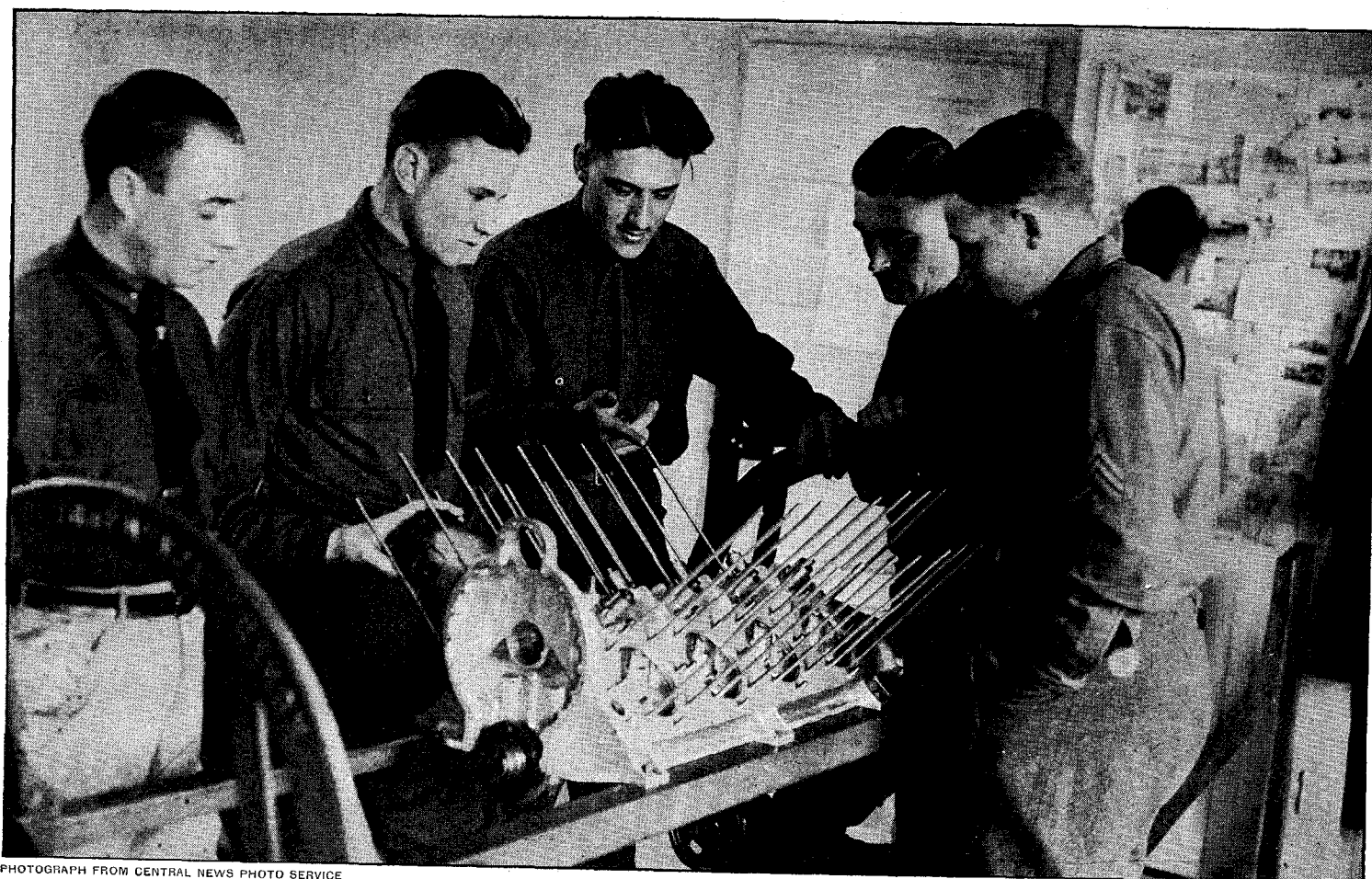
Head of the Aviation Section of the French Mission to the United States



(C) HARRIS & EWING

HOWARD E. COFFIN

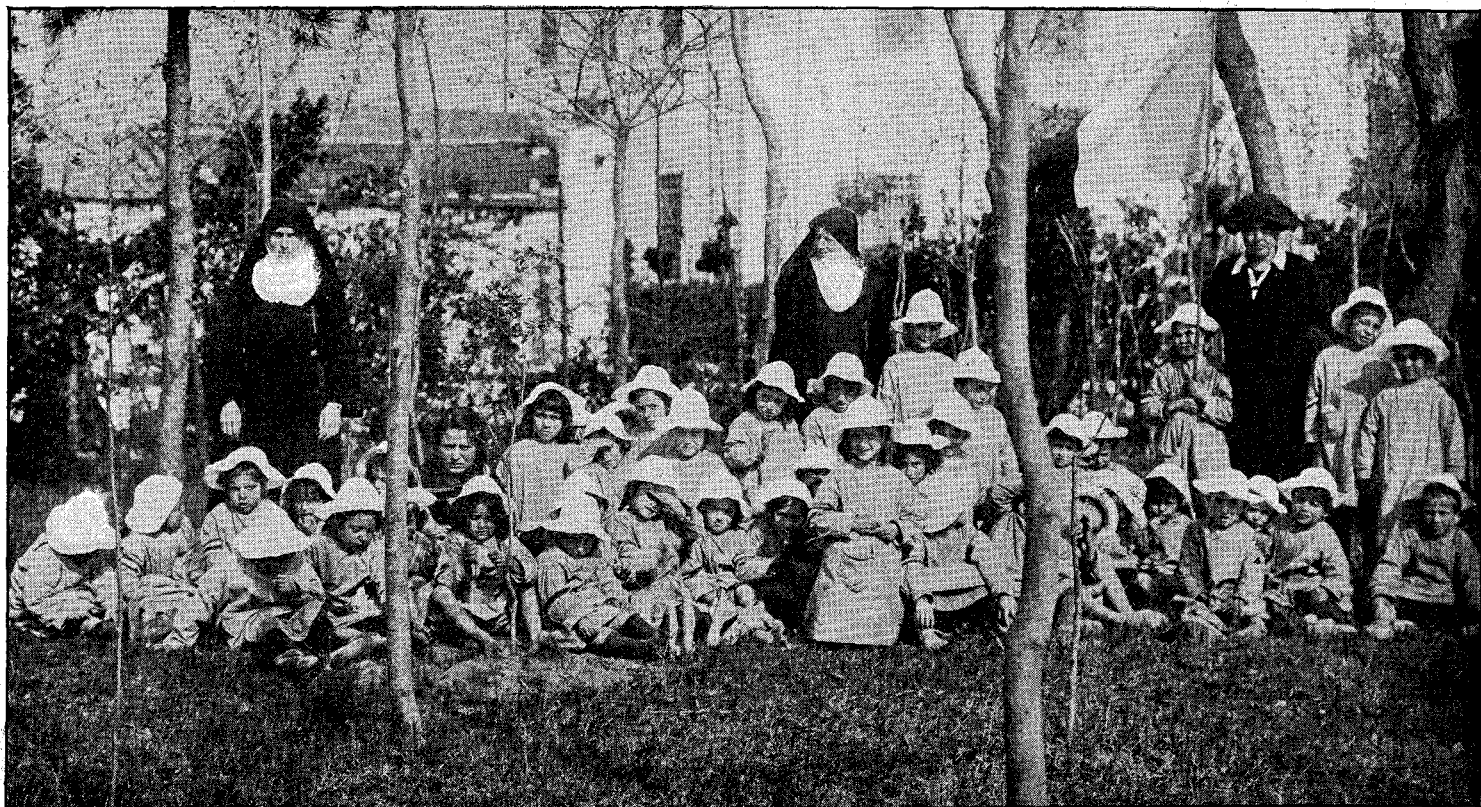
Head of the Aircraft Production Board of the Council of National Defense



PHOTOGRAPH FROM CENTRAL NEWS PHOTO SERVICE

INSTRUCTION IN AIRPLANE CONSTRUCTION AT THE AVIATION SCHOOL AT HEMPSTEAD PLAINS, LONG ISLAND, NEW YORK

"THE EYES OF THE ARMY"—SOME OF THE DIRECTORS OF OUR AIRPLANE SERVICE AND SOME OF THE PROSPECTIVE FLIERS



#### WAR BABIES IN ITALY

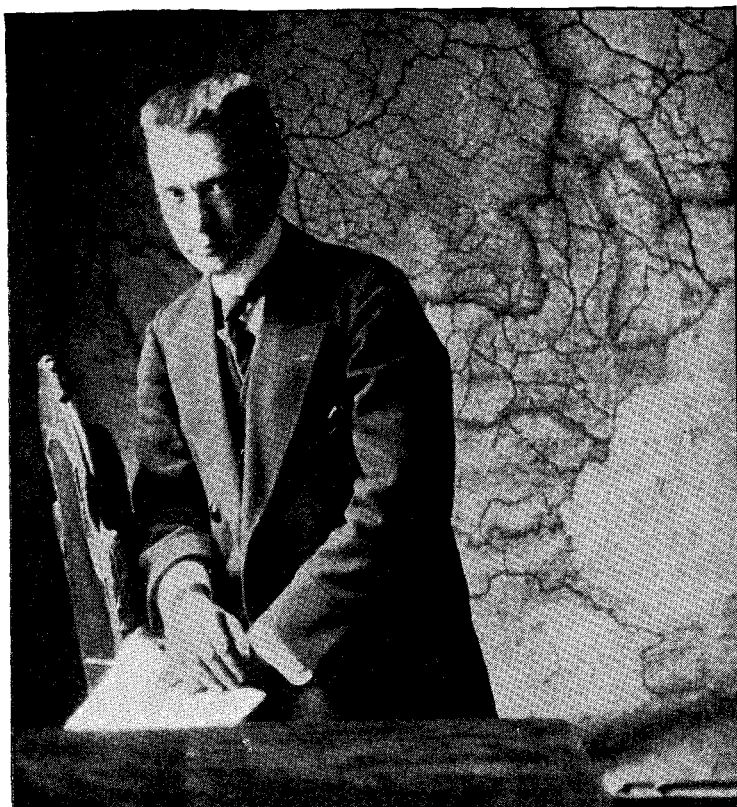
These are children of Italian soldiers and sailors. They are from three to seven years of age. They are being cared for by Miss A. A. Bernardy, in her War Baby Nursery at Forte dei Marini (Lucca, Italy), which is named by royal permission the "Asilo Principessa Iolande"



(C) UNDERWOOD & UNDERWOOD

#### UNCLE SAM'S COLONIES AID IN HIS DEFENSE

The picture shows a Porto Rico regiment on its way to embark for the Panama Canal to aid in guarding that gateway of international commerce from possible depredation. The regiment received great applause on its way to the transport



(C) INTERNATIONAL FILM SERVICE

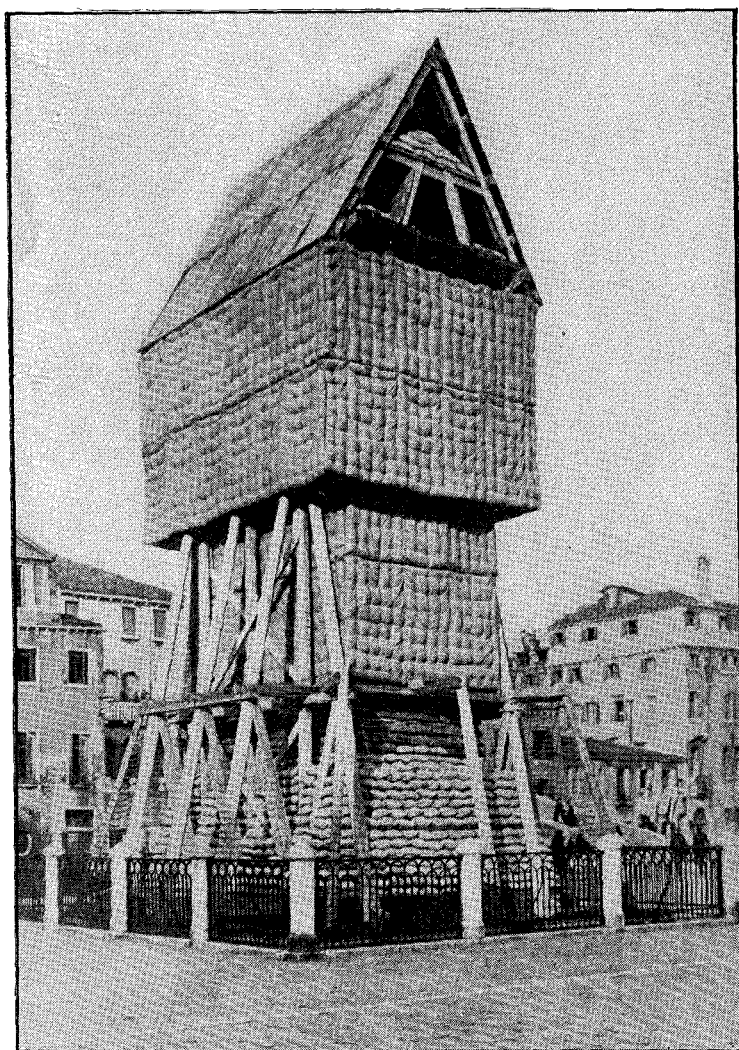
KERENSKI, THE EFFICIENT MINISTER OF WAR



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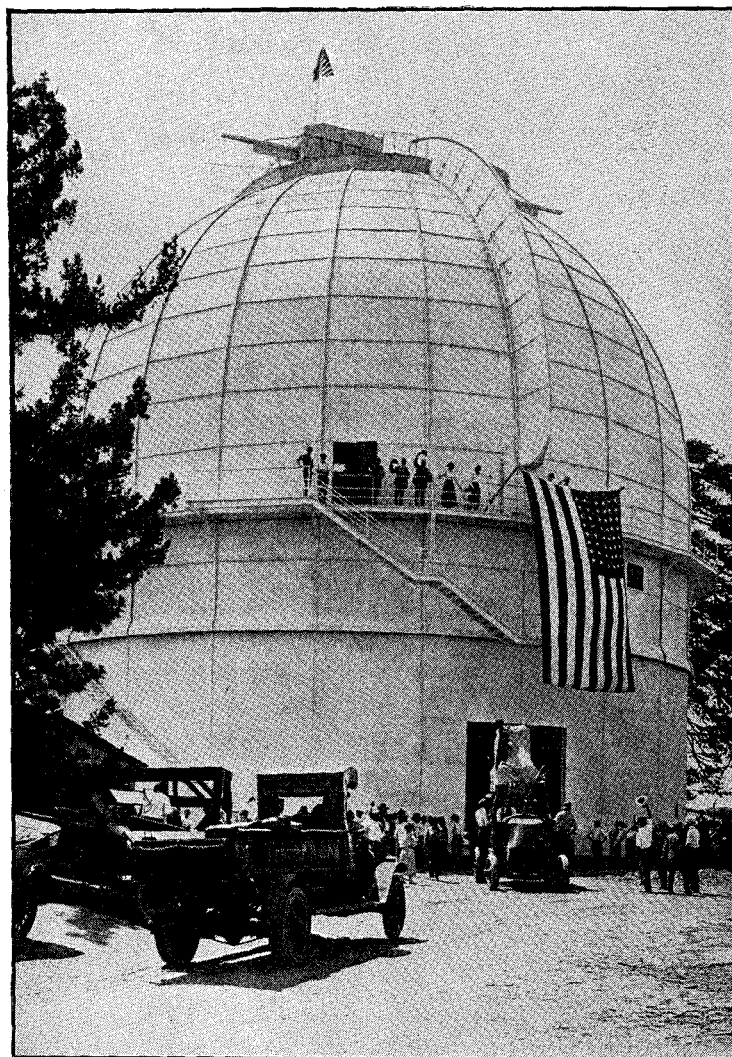
GENERAL KORNILOFF, HERO OF THE NEW ADVANCE INTO GALICIA

TWO LEADERS OF RUSSIA'S NEW OFFENSIVE



ITALY GUARDS HER TREASURES FROM VANDALS  
OF THE AIR

All Italian cities are reported to be taking measures to protect their art treasures from destruction by the enemy. The photograph shows the method of protecting statues, the one in the picture so protected being the celebrated equestrian statue of General Bartolomeo Colleoni, in Venice. Other photographs show that the interior of St. Mark's Church in Venice has had its famous statues and altars protected in a similar way



(C) INTERNATIONAL FILM SERVICE

NEW MIRROR REFLECTOR FOR MOUNT WILSON OBSERVATORY  
IN CALIFORNIA

This great mirror is 100 inches in diameter, is 13 inches thick, and weighs 4½ tons. It was cast in France in 1905, brought to Pasadena in 1909; the grinding began in 1911 and was completed in 1917. The truck on which the reflector was loaded had to be specially constructed with an elaborate system of springs to absorb any possible jar while ascending the mountain. The reflecting telescope of which this mirror is a part will be used in stellar research

any amount by the Treasurer or any assistant treasurer of the United States, and when received are reissued.

7. *Federal reserve notes* are not legal tender, but are receivable by the Government for all public dues, and are receivable on all accounts by all Federal Reserve banks, National banks, and other banks members of the Federal Reserve system. They are redeemable in gold coin of the United States by the Treasurer, and in gold or lawful money by any Federal Reserve bank.

8. *Subsidiary silver coins* are legal tender for amounts not exceeding \$10 in any one payment. They may be presented in sums or multiples of \$20 to the Treasurer or any Assistant Treasurer of the United States for redemption or exchange into lawful money.

9. *Minor coins* of nickel and bronze are legal tender to the extent of twenty-five cents. They may be presented for redemption or exchange under the same conditions as are provided for subsidiary silver coins.

10. *National bank notes* are not legal tender, but are receivable for all public dues except duties on imports, and may be paid out by the Government for all purposes except interest on the public debt and for redemption of National bank notes. They are redeemable in lawful money of the United States by the Treasurer, but not by the Assistant Treasurers, and are also redeemable at the bank of issue.

11. *Federal Reserve bank notes* are identical in all their attributes with National bank notes.

## NONCHALANCE

BY WILLARD WATTLES

Why is it that I cannot fear  
When others are afraid,  
But in the lightning's center I  
Walk barefoot, undismayed?

Though frail the walls of flesh that hold,  
They are as granite too,  
Thin-carven as a pane of stone  
For light to filter through.

When other careful-minded men  
Seek prudent shelter, I  
With nonchalance of thunder-doom  
Assail the splendid sky,  
As if I knew how far could reach  
The dreadful hand of God,  
And just escaped his fingers with  
A not unhostile nod.

## FOR FRANCE<sup>1</sup>

A WAR EPISODE IN ONE ACT

BY STUART BENSON AND MERCEDES DE ACOSTA

**CHARACTERS:** *An Old Woman. Her Son.*

**SCENE:** *The interior of a small room on the second floor of a house in a small French village. There are two windows back, center and left center, looking onto the street. A door opens into another room, right center, and another door down left, opening onto staircase which descends to street. There is a table against right wall, with a crucifix over it, and next to it a clothes cabinet. A larger table and old stiff-backed chairs are in the center. The walls are of stucco, and the whole atmosphere expresses a moderate degree of poverty.*

**TIME:** *The late spring of 1916.*

**DISCOVERED:** *The Old Woman sitting in rocking chair with her back to window up left. She is blind and her eyes stare straight ahead. Her dress is of coarse black material and on her gray hair is pinned a black lace cap. To the patient resignation of her face, so often seen in the blind, is added a suggestion of worry. For a half-minute she sits, her hands folded in her lap, motionless and listening. As the sound of a bugle is heard in the distance she clasps the arms of her chair, and then resumes her silent waiting.*

*Her Son, a stalwart youth of about seventeen, enters down left, his arms full of packages, which he carries to center table.*

*Old Woman.* Is that you, Pierre?

*Her Son.* Surely, mother, it is I. Has it seemed long? Here are all the things except—

*Old Woman (interrupting).* Did they call you, Pierre?

*Her Son (running over and kissing her).* How could they, mother, when I've been out of the house but ten minutes, and only to the corner? (*Returning to the table.*) They're all here except the bread, which was not quite baked. M. Piquet said he will send little Mimi with it when it is ready. He is a kind man, M. Piquet. I'll put the potatoes in the oven to start the dinner. (*He gathers bundles together and exits right.*)

*Old Woman (calling).* Do you think they will call you, Pierre?

*Her Son (off stage).* You ask me that so often, mother. You know what the captain told you yesterday.

*Old Woman.* He said that they would try not to call you, because of my blindness and your youth.

*Her Son (off stage).* Yes, think of that.

*Old Woman.* But they may have to. I always think of that.

*Her Son (returning and laying his hand on her shoulder).* Don't worry, mother.

(*A sound of drums is heard in the street, with marching and clanking of arms. The old woman shudders and her son rushes to window and looks down, excitedly.*)

*Old Woman.* Oh, Pierre, who are they?

*Her Son (his eyes following the marching troops from right to left).* A small detachment, mother, off to join their regiment.

*Old Woman (clasping her hands to her breast).* It is thus all day long. I hear them. The life-blood of France going to be spilled.

*Her Son.* It is my class, mother—Georges Silvet is there and François Boule. (*Leaning further from window.*) And there is Paul Verlois, on the end of his line. (*Waving his hand and shouting.*) Paul! Paul! He doesn't hear me.

(*The sound of marching has ceased. Pierre draws his head back into the room and stands pensively against the window frame, looking at his mother.*)

*Her Son.* Mother, I want to go!

*Old Woman.* Oh, my son! Don't say that! Don't say that! I can't bear it!

*Her Son.* I feel that I must go—with the others.

*Old Woman.* Pierre! Pierre! You are breaking my heart!

*Her Son (coming to her).* It's for France, mother.

*Old Woman.* Yes, that is the cry. But what will France do when her youth is killed and none but the old and worthless, like me, are left?

*Her Son.* You are not worthless, dear mother.

*Old Woman.* I can sit and think and see the dark, that is all. Without you I have nothing. You are the last.

*Her Son.* The young and strong are needed—and I am young and strong.

*Old Woman.* Pierre, my son, it is but two months ago last Tuesday that the dreadful news came.

(*She buries her face in her hands.*)

*Her Son.* I know. I remember.

<sup>1</sup> Copyright, 1916, by Stuart Benson.

*Old Woman.* Your brother Jean—  
(*Her breath catches.*)

*Her Son.* Yes.

*Old Woman.* Slain at Verdun.

*Her Son (his eyes raised).* Fighting for France.

*Old Woman.* We shall never see him again. Never know where he lies—just out there, somewhere, with thousands of others.

*Her Son.* Perhaps—

*Old Woman.* There is no "perhaps." (*He pats her arm and she holds his hand tightly.*) And last August—Philippe. He's out there too—killed fighting side by side with your father.

*Her Son.* But father they brought home.

*Old Woman.* Brought home to die.

*Her Son (caressing her).* Yes, mother.

*Old Woman.* Thank God for that much—that I saw him before the end, and he spoke to me.

*Her Son (his eyes shining).* And he had the medal of honor pinned upon his breast.

*Old Woman (straightening slightly with pride).* The medal of honor was pinned upon his breast.

*Her Son.* Why did they give him the medal of honor? Tell me again, mother.

*Old Woman.* I have told you many times.

*Her Son.* But never enough. Please!

*Old Woman.* Well, it was in the terrible defense of— (*A knock interrupts her and her hand flies to her breast.*) What is that?

*Her Son (going to the door left).* It must be the bread, mother.

*Old Woman.* Could it—could it be the—

(*Her son opens the door, sees envelope on threshold, and picks it up, knowing what it must be.*)

*Old Woman.* Is it the bread, Pierre?

*Her Son (opening envelope).* How prompt M. Piquet is!

*Old Woman.* Why didn't little Mimi come in?

*Her Son.* I don't know, mother.

*Old Woman.* She never misses a little visit and cheery word for me.

*Her Son.* No doubt she was in a hurry, with other errands.

(*He opens out official communication.*)

*Old Woman.* What is that crackling, Pierre? It sounds like a letter. (*He does not answer, being intent on reading.*) Is it—is it a letter?

*Her Son (who has read communication, with first an expression of exaltation and then a look of sorrow at his mother).* A letter? Why, mother, you remember M. Piquet always wraps the bread in bits of newspaper, and you know how newspapers crackle. I must go and slice the bread for dinner.

(*He proceeds, looking excitedly at paper, to cupboard, right, from which he takes his uniform of a French private.*)

*Old Woman.* You are not fooling me, Pierre?

*Her Son (disappearing into room, right. The door remains open).* Why should you think that, mother? Tell me about the medal of honor.

*Old Woman (becoming more calm).* It was at the Marne. They were charging the trenches of the enemy against superior numbers. Your father told me, and also one of his officers. Again and again they were thrown back, yet returned with courage, until the bugle sounded the retreat.

(*She hesitates, as if her thoughts had interrupted her.*)

*Her Son (appearing in doorway with trousers of uniform on, pulling the braces over his shoulders.)* Yes, go on, mother.

*Old Woman.* Your father was first in the attack, and therefore in the last line of the retreat. He turned and saw a comrade, some yards behind, trying to follow on hands and knees, because his foot had been shattered by a shell.

*Her son (getting into coat and buttoning it).* And father went back. Go on.

*Old Woman (her voice rising in pride as she goes on).* Your father went back to where the soldier was crawling. He picked him up and carried him on his back, with bullets and shells and destruction all around, to the French lines.

*Her Son (he comes down, fully dressed in uniform, going to cupboard and taking out rifle).* And for that they gave him the medal of honor.

*Old Woman.* For that they gave him the medal of honor. But he was brought home after the next battle, and—

*Her Son.* But, mother, it was wonderful. Wasn't it wonderful, mother?

*Old Woman (with dignity).* Yes, it was—something. Courage is necessary—none of my men were cowards. And recognition of it is something.

*Her Son (coming near her).* Mother, dear.

*Old Woman.* Yes, Pierre.

*Her Son.* Mother, I deceived you.

*Old Woman (frightened).* What do you mean?

*Her Son.* It wasn't the bread that came just now.

*Old Woman.* Pierre! Pierre! They've called you!

*Her Son (kneeling beside her).* Yes, dear.

*Old Woman (piteously, with her arms around him).* They can't—they can't have you!

*Her Son.* Little mother.

*Old Woman.* They have taken three from me, and now they want you. In God's mercy! It is more than I can bear!

*Her Son.* It is for France, mother.

*Old Woman.* Why did the captain lie to me?

*Her Son.* He told you "if it could be avoided." There is desperate need. He says so in a note attached to the communication, and that he is sorry for you.

*Old Woman.* Sorry! What is his sorrow?

*Her Son.* He cannot help it, mother.

*Old Woman.* When must you go? When— (*Her fingers feel the buttons of his uniform.*) You—you have put on your uniform! Not now—not now! You're not going now, Pierre?

*Her Son.* At once, little mother.

*Old Woman.* No, no! Let me have a week—a day even! I won't let you—

*Her Son.* Remember, it is for France.

*Old Woman.* I don't care. What has France given me compared with what she has taken away? "It's for France," you cry—you all cry. And we women sit here and give and give and give. (*She breaks down in a paroxysm of weeping.*)

*Her Son (his arms about her).* Dearest, why is father's medal of honor around your neck instead of being buried with him? (*He gently grasps the ribbon about her neck and draws forth from her breast the medal of honor. She continues weeping.*) Tell me, mother, what did he say to you before he died? (*Her sobs grow less.*) Tell me again.

*Old Woman (in a trembling voice).* He said—that I—was—to wear it—because I—was—the bravest of all. (*Drums and marching soldiers heard without. She bursts into tears again and clings to him.*) But I'm not—I'm not! I cannot give you up!

*Her Son.* They are here, mother; I must go. I will tell Madame Piquet as I go past. She said she would look after you in case this happened.

*Old Woman.* My son, my baby!

*Her Son (weeping a little in spite of himself).* Kiss me, little mother. (*He kisses the top of her bent head and lays his cheek to hers.*) And say for me, "It's for France."

*Old Woman.* O God, why?

*Her Son.* Kiss me good-by, little mother.

*Old Woman.* This devouring to the last shred all that we love! Devouring! Devouring! And never satisfied!

*Her Son.* Don't, mother. Help me to be brave. Remember the medal of honor. Kiss me good-by.

*Old Woman (brokenly).* Good-by, my son. Good-by, my Pierre. (*They kiss and he walks to door.*)

*Her Son.* Mother, say, "It is for France."

*Old Woman (between sobs).* It—is—for—France.

*Her Son (wiping his eyes with his coat sleeve).* God bless you, mother. Good-by.

(*Exit, leaving door open.*)

*Old Woman (hands clasped in prayer).* God keep him for me (*she rises*) and for France!

(*As his footsteps are heard descending the stairs she pulls herself together, grasps her cane, and feels her way to the door. Leaning against it, her hand clasping the medal of honor, she sings the "Marseillaise" in a quivering old voice, stopping frequently to choke back her sobs.*)

# WEEKLY OUTLINE STUDY OF CURRENT HISTORY

BY J. MADISON GATHANY, A.M.

HOPE STREET HIGH SCHOOL, PROVIDENCE, R. I.

Based on *The Outlook* of July 18, 1917

Each week an Outline Study of Current History based on the preceding number of *The Outlook* will be printed for the benefit of current events classes, debating clubs, teachers of history and of English, and the like, and for use in the home and by such individual readers as may desire suggestions in the serious study of current history.—THE EDITORS.

[Those who are using the weekly outline should not attempt to cover the whole of an outline in any one lesson or study. Assign for one lesson selected questions, one or two propositions for discussion, and only such words as are found in the material assigned. Or distribute selected questions among different members of the class or group and have them report their findings to all when assembled. Then have all discuss the questions together.]

## I—INTERNATIONAL AFFAIRS

**Topic:** The British League to Enforce Peace.

**Reference:** Page 430.

### Questions:

Note—Make this topic the basis of a study of the means of preventing war in the future. It is high time such a study should be made by all thinking men and women. 1. Name and discuss a number of obstacles in the way of the formation of a permanent organization of nations to insure peace. 2. Is it possible to overcome these obstacles? If so, how? 3. Would such an organization be safe and practicable with Germany included possessing her present ideals and objects? 4. What and who should determine membership in the League of Nations to Enforce Peace? 5. Draw up a reasonable and workable constitution for such a League. 6. If you have no faith in such a proposed League, what other remedies can you present for war? 7. For study of this topic the following books are decidedly valuable: "A League of Nations," by Brailsford; "American World Politics," by Weyl; "The Road toward Peace," by Elliot; "The Things Men Fight For," by Powers; "The Diplomacy of the Great War," by Bullard; "Nature of Peace and the Terms of Its Perpetuation," by Veblen.

## II—FOREIGN AFFAIRS

**A. Topic:** Political Tension in Germany.  
**Reference:** Page 430.

### Questions:

1. Many of those well read in current German history say that a political revolution in Germany is next to impossible. Do you understand why they think so? 2. How is the franchise governed in Germany? How much voice has the German voter in German national politics? 3. How much authority has the Reichstag on paper? In practice? 4. Suppose you were a German living in Germany and you believed political reform necessary, what could you do to bring it about? 5. What is the legal method of changing the German Constitution? 6. Discuss *The Outlook's* statement that "any effort to make representation in the Reichstag more democratic and fairer . . . would not in the least change the rigid control over German affairs . . . resting in the Bundesrath." 7. What authority has the Emperor over the Chancellor? The Chancellor over the Ministry? 8. Compare the German Ministry in several respects with the British Ministry. Which is the more democratic? 9. Assuming the United States Government to be displaced by the German, explain the differences in the organization,

the methods, and the activities of the new Government, and tell just how you would be economically and politically affected by the change. (Note—Only by answering such questions as 1-9 can the American citizen come to appreciate the real meaning of why America is in this war. For references read the following: "The Road toward Peace," by Elliot, Chapters IX, XIII; "The World Decision," by Herrick, Chapter III; "Americanism—What It Is," by Hill, Chapters IV, V; "The Ruling Caste in Germany," by Milloud; "The Diplomacy of the Great War," by Bullard, Chapter III; David Jayne Hill's articles in the "Century" for May, June, and July, 1917; "The State," by Wilson, pages 255-275; Ogg's "The Governments of Europe," pages 193-244; Krüger's "Government and Politics of the German Empire.")

**B. Topic:** Lloyd George.

**Reference:** Pages 440-442.

### Questions:

1. Criticise the first statement of this article. Does the author *prove* his statement? 2. Write out a character sketch of Lloyd George based upon the contents of this article. 3. What is his war policy? 4. What constitutes his political strength? 5. Discuss Lloyd George's ideals and methods. 6. Suppose he were an American and championed the same principles in America which he has stood for in England for the past ten years, how would he be criticised by the American press? By the American people? 7. Discuss the relationship between national leaders and national character.

## III—NATIONAL AFFAIRS

**Topic:** The East St. Louis Riots.

**Reference:** Pages 435, 436.

### Questions:

1. Read carefully all of this symposium. 2. What does *The Outlook* think of the East St. Louis riots? The Northern papers? The Southern editors? What do you think of what Mr. Roosevelt said? 3. What is the problem underneath these riots? Account for it. 4. What is the solution of the problem?

## IV—PROPOSITIONS FOR DISCUSSION

(These propositions are suggested directly or indirectly by the subject-matter of *The Outlook*, but not discussed in it.)

1. The only way to drive war out of the world is by war. 2. No sane person believes in war. 3. All governments are serious and sincere. 4. The Socialist party in America is un-American.

## V—VOCABULARY BUILDING

(All of the following words and expressions are found in *The Outlook* for July 18, 1917. After looking them up in the dictionary or elsewhere, give their meaning in your own words.)

Apothegm, license, deficit, gendarmes, parapet, forum, public opinion, castigation, exodus, augury, due process of law, enigmatical, actuate, patronage.

# THE AIR MAN

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A popular book of information and entertainment in the most romantic and thrilling field of men's deeds to-day, and the field in which America will give her most dramatic demonstration of power in the world-war. The following, which are some of the chapter headings, indicate the scope and character of the book: Learning to Fly; The Aero Sportsman; Aero-Exploration and Adventure; Aerial Transportation; Embattled Air-Fleets; Aerial Batteries; Air Duels; American Airmen Under Fire; Chivalry of the Air; American Air Forces.

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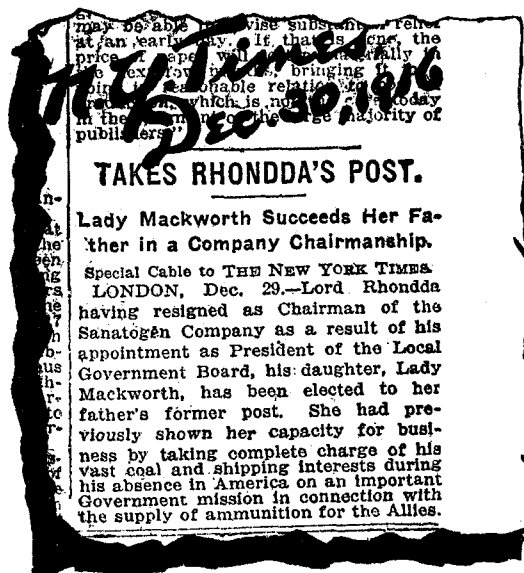
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## What England Thinks of Sanatogen

### Lady Mackworth succeeds Lord Rhondda as Head of British Sanatogen Company

*A Striking Commentary on the Importance of a Commercial Article in War Time*

IN common with many other British houses in war time, the Sanatogen Company in Great Britain has, as told by the above special cable, undergone a change of business administration. In this case, the change is due to Lord Rhondda's call to a place in the British Cabinet. The fact that he has passed on the active management of the Sanatogen business to Lady Mackworth, his daughter, shows in a striking way the high importance which is attached in Great Britain to the uninterrupted production of this specialized food- tonic.

In fact, not many British concerns of any kind—excepting, of course, munitions works—have been more carefully looked after perhaps than that controlling the supply of Sanatogen. England found that after fifteen years of constant use of this product, she could not very well do without it. Large quantities have been used in the service, at the base hospitals, in the trenches—in fact, wherever the burdens and horrors of war made it necessary to preserve and to restore steady nerves, to build up weakened bodies. Sponsored by the medical profession, who quickly recognized the unique value of a tonic so natural and beneficial in its effects, Sanatogen became, faster perhaps than any other health-food, a household word the British Empire over. Lady Mackworth quotes a former cabinet minister as remarking that Sanatogen is to England “A national necessity to preserve good nerves.”

Similar expressions of appreciation from leading men in Great Britain could be multiplied. Sir Gilbert Parker, the famous novelist and veteran parliamentarian, sums up the case of Sanatogen when he says: “Sanatogen, to my mind, is a true food- tonic, feeding the nerves and giving fresh vigor to the overworked body and mind—I have used it with extraordinary benefit.” And the keen and

analytical Arnold Bennett declares that “the tonic effect of Sanatogen is simply wonderful.”

### Sanatogen in America

In this country, too, Sanatogen has for years been favorably known, and very large indeed is the list of famous Americans who have joined their British cousins in commending Sanatogen. The venerable and beloved author, John Burroughs, goes so far as to consider it “the best remedy for old age he has yet struck”; and that doughty editor, Col. Watterson, frankly avows: “I do not think I could have recovered my vitality, as I have done, without this Sanatogen acting equally upon digestion and the nerve centers.”

\* \* \*

Numerous physicians and users of Sanatogen in this country have written, asking whether the war would interfere with the supply of this food product here. To this the answer may be given that there is no danger of Sanatogen becoming unavailable in this country, as was the case for a while in England, since it has long been manufactured at its own laboratories in the beautiful Susquehanna Valley in New York State and by an American Corporation, independent of overseas control or supplies.

Druggists throughout the country carry Sanatogen in stock and there has been no increase in the established prices—the three sizes selling at \$1, \$1.90 and \$3.60 respectively.

### THOSE WHO HAVE NOT YET TRIED SANATOGEN

are reminded that the present season, when nervous fatigue and exhaustion are so prevalent, is an excellent time to test the tonic powers of Sanatogen. A FREE TRIAL PACKAGE will be sent gladly to anyone interested, together with a copy of Richard Le Gallienne's charming little health book, “The Art of Living.” Address The Bauer Chemical Co., Inc., 24B Irving Place, New York City. Prompt attention will be given to your request.

[Advertisement]

# Vacations for Stomachs

**Eugene Christian's simple method of rejuvenating poor, overworked stomachs**

"VACATIONS for overworked stomachs" is how I would name Eugene Christian's sane, sensible, and simple method of relieving indigestion, constipation, and all the other ills that result from wrong eating, to distinguish it from the old ideas of "dieting."

For "dieting" always meant discipline. It meant a bad time to say the least for the stomach that had been used to good things to eat.

But Eugene Christian's plan of scientific eating means really giving the stomach not only a rest but a royal good time. So I call it "a vacation."

"Eating," says Christian, "should be a pleasurable function," and it certainly is to the 23,000 and more people who follow his system.

For instance, one case shown me was that of a man who had been one hundred pounds overweight—one of those big, hearty men whose principal joy in life is eating. But his corpulency had become a burden and on top of it uric acid was causing rheumatism and attacks of gout. He said he dreaded adopting Christian's system as he thought it meant an end to his good eating.

But instead, he found he had never enjoyed his meals as he did while he was giving his stomach a real vacation and he has never stopped it. He lost his surplus of flesh and all signs of uric acid disappeared.

Another case was that of a young business man who had worked himself down to a thin, anæmic, constipated wreck. He had not eaten a square meal for a year. Under Christian's system of corrective eating he acquired a hunger for his meals that was new to him, his constipation was gone, and he took on weight, vitality, and renewed energy.

For, as Christian has proved, it is not altogether *what* you eat, but the combinations in which you eat it. He has discovered the secrets of association in food elements and he builds his menus out of ordinary, everyday things we all like but in combinations that relieve the stomach of the hard, unnecessary work of handling bad mixtures.

Some foods, harmless in themselves, when eaten with other foods cause a chemical reaction that actually *explodes in the stomach*. Other foods, when mixed in the digestive organs congeal, like flour and water paste. Other combinations form gas. And your poor stomach has to work and labor and struggle to keep the wheels of life turning, like an engine with carbon in the cylinders.

A multi-millionaire, 70 years old, came to

Christian not long ago. He was a poor, battered wreck. He was constipated; he had lumbago; everything he ate gave him torment; he had been traveling about for years with his doctor at his side, looking for relief. His stomach was simply an overworked engine. It had been fed wrong for years. Christian put it on a vacation by a series of special menus and in thirty days that old man was fuming for his meals every day half an hour before they were ready. In six months he was well and strong—even his eyesight and hearing were improved and his mind was as clear for business as it had ever been.

"Ninety per cent of all the ills we suffer," says Christian, "result from wrong eating. People often say to me, 'Why, I eat only simple foods, yet still I am ill.' But the combination of those simple foods is what does the harm. If they could only see what happens in the stomach they wouldn't wonder that they are ill—they would wonder that they are still alive!"

He has gathered the whole science of corrective eating into 24 little lessons that any one can understand and follow, and these are being distributed by the Corrective Eating Society. They make the laws of correct eating as simple as recipes in a cook book. No patent or fad foods are prescribed—all menus are what any housewife or restaurant can supply.

These lessons contain actual menus for breakfast, luncheon, or dinner, covering all conditions of health and sickness, from infancy to old age, for all occupations, climates, and seasons. They include *corrective* menus for stomach acidity, fermentation, constipation, and the host of diseases which follow when these "warnings" are neglected. They also tell you how to select and combine your food at meals in order to reach your normal weight, whether it be under or over what you now weigh.

With these lessons at hand it is just as though you were in personal contact with the great food specialist, every point is so thoroughly covered and clearly explained. You can start eating the very things that will remove the causes of your disease the day you receive the lessons, and it is quite possible you will secure some results from the very first meal.

If you would like to examine these 24 Little Lessons in Corrective Eating simply write the Corrective Eating Society, Inc., Dept. 157, 443 Fourth Avenue, New York City. It is not necessary to enclose any money with your request. Merely ask them to send the lessons on five days' trial with the understanding that you will either remit \$3, the small fee asked, or return them.

*Merely tear out and mail this form instead of writing a letter. It is a copy of the official blank adopted by the Society and will be honored at once.*

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## THE BAKER-LANE CONTROVERSY

Under "The Baker-Lane Controversy" you open up a subject little understood by the citizens of these United States. Neither Mr. Lane's nor Mr. Baker's patriotism can be questioned for one moment; therefore we can approach the subject free from any personal bias.

Of all the members of the President's Cabinet, Mr. Baker is easily the most experienced in dealing with large problems. His ten years as city solicitor and four years as Mayor of Cleveland, most of the time under the guidance of a great business genius, Tom L. Johnson, gave Mr. Baker a far clearer insight into big things as they affect the public.

The street car problem has been solved in Cleveland in so far as the car riders are concerned, yet all of the directors of the car company could be depended upon to assert to high heaven that their motives were pure and their efforts as disinterested as possible; still they kept up the fight against the best interests of the public of the city of Cleveland. Mr. Baker built a municipal lighting plant which furnishes three-cent light for the light-users of Cleveland, but one of the largest stockholders in the Cleveland Electric Illuminating Company will tell you that Mr. Baker made a great mistake, etc., etc.

Now, in view of the above, and with the writer's coal contract showing an increase of from \$2.85 to \$4.50, who shall I trust, in whose judgment will I have confidence—Lane's or Baker's? In whose hands is the public safest?

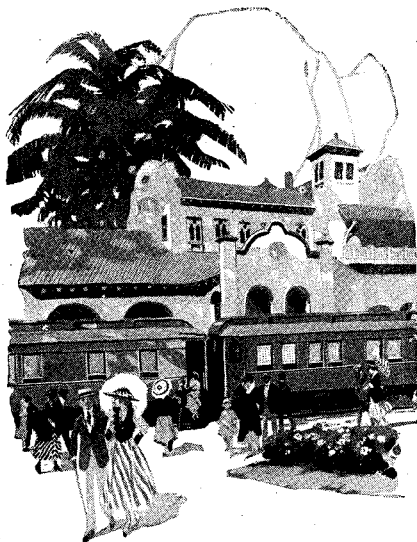
The Government should control the coal mines. JOHN MCF. HOWIE.  
Buffalo, New York.

[Some day the American people will wake up to the fact that this country is at war. Then they will expect of the War Department that it be devoted, not to handling "big things as they affect the public," much less to economic reforms, but to the winning of the war.—THE EDITORS.]

## "THE BATTLE HYMN OF THE REPUBLIC"

It is peculiarly gratifying to read your editorial urging the popular adoption of "The Battle Hymn of the Republic" as our National anthem. Only this morning, for the edification of my small boy, I raised the flag which was given him by his grandfather—the grandfather who, as a private in the army of the Potomac, saw Julia Ward Howe ride alongside the marching troops on that historic day when she received the inspiration that led to the writing of her immortal hymn. After acting for the boy's edification this morning I gratified my own need for edification by playing the music of Mrs. Howe's hymn. The true nobility of the tune and the words brought a mental reiteration of the belief that they should form our National song. The song is singable and the words possess fitting breadth. Other nations already have given it limited recognition. Kipling uses it in one of his most striking and impressive chapters. (See "The Light that Failed.")

Accept my thanks for your editorial, which, through pure coincidence, I read at the close of this historic Fourth of July several hours after the raising of the boy's flag and the mental consideration of our National anthem. V. J. WATROUS.  
Pasadena, California, July 4, 1917.



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The draft for war service which has been made upon the Bell System is summarized in a recent Government report.

Government messages are given precedence over commercial messages by means of 12,000 specially drilled long distance operators all over the country.

The long distance telephone facilities out of Washington have been more than doubled.

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Active assistance has been given the Government by the Bell System in providing telephone communications at approximately one hundred lighthouses and two hundred coast guard stations.

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## THE NEW BOOKS

This Department will include descriptive notes, with or without brief comments, about books received by The Outlook. Many of the important books will have more extended and critical treatment later

### FICTION

**Banks of Colne (The).** By Eden Phillpotts. The Macmillan Company, New York. \$1.50.

Mr. Phillpotts's latest story is ripe in experience, tolerant of human frailty, rich in observation and in the understanding of human nature. Like its immediate predecessors, "Old Delabole" and "Brunel's Tower," the action and characters revolve around an industrial pursuit; or rather, in this case, two—the life of workers in a flower nursery and in an oyster fishery, both near Colchester. It would be hard to parallel in fiction writing the ease and evident pleasure to himself with which the author has transferred his interest from the beloved Dartmoor of his early books to his studies of the hop-fields of Kent, the slate quarries of Cornwall, and now these industries near the Colne.

**Red Planet (The).** By William J. Locke. The John Lane Company, New York. \$1.50.

Told by an English officer crippled in the Boer War, this tale of the Great War finely renders the reflex action on a quiet English countryside of the stir and tragedy of conflict. Mr. Locke is always better in character rendering than in plot, and even more so than usual in this novel. The narrator himself, his grim and steadfast attendant (another partial wreck from the "little war"), and the fine, big-hearted girl of the romance are all more or less types, yet they do not in the least cease to be persons of strong individuality, delightful to know. Not such high praise can be given to the conception of the villain of the story—a British officer brutal in combat, but subject to irresistible spasms of cowardice. If he were not also a liar who puts the blame of his cowardice on others and a libertine who practically drives a cultivated young woman to suicide and conceals the facts, one might feel more interest in the psychology of his intermittent cowardice.

### MUSIC, PAINTING, AND OTHER ARTS

**American Pictures and Their Painters.** By Lorinda Munson Bryant. The John Lane Company, New York. \$3.

This is a companion volume to the author's "What Pictures to See in America." The present volume traces the careers of artist leaders and of some lesser leaders. The book is replete with interest and instruction.

### TRAVEL AND DESCRIPTION

**Book of Camping (The).** By A. Hyatt Verrill. Alfred A. Knopf, New York. \$1.

A practical and comprehensive handbook.

**Canada the Spellbinder.** By Lillian Whiting. E. P. Dutton & Co., New York. \$2.50.

A good description of Canada, written with atmospheric touch.

**Your National Parks.** By Enos A. Mills. With Detailed Information for Tourists by Laurence F. Schmeckebier. Houghton Mifflin Company, Boston. \$2.50.

**HISTORY, POLITICAL ECONOMY, AND POLITICS**  
**Chronicles of the Cape Fear River (1660-1916).** By James Sprunt. Second Edition. The Edwards & Broughton Printing Company, Raleigh, N. C. Address orders to Miss Rosa P. Chiles, 142 A Street, N. E., Washington, D. C.

This extensive work deserves the honor of a new edition because its interest is more than local. The Cape Fear River region has historical traditions and records which are important in themselves. The

*The New Books (Continued)*

author of the book has related the incidents and stories connected with the locality from its Indian days down to very recent times with picturesque treatment and with a keen eye to the human, dramatic, and humorous sides of the story. Due attention is paid to the events of the Civil War, the most important of which in this locality were the famous attacks on Fort Fisher and the blockade-running which passed up the river.

## WAR BOOKS

**Mr. Poilu.** By Herbert Ward. The George H. Doran Company, New York. \$2.50.

The author is widely known as African explorer, sculptor, and writer. Those who had the pleasure of hearing him speak on his visit to this country in behalf of French soldiers and their families will pay tribute to his deep feeling and devotion to the cause of the people among whom he, an Englishman by birth, has spent many years. Some of Mr. Ward's experiences in this war and his view of the large principles involved were presented in an article from his pen which appeared in this journal in April of last year.

The volume contains nearly fifty pictures in color or black and white. They are reproduced from drawings and paintings made by the author during active service in the Vosges. The notes and literary sketches accompanying them are effective in stirring the reader's admiration for French courage and French spirit. They are restrained in phrase and convincing in their faithfulness to life and truth.

**"Over the Top."** By an American Soldier Who Went. Arthur Guy Empey. G. P. Putnam's Sons, New York. \$1.50.

Many of our readers must have heard Captain Empey tell his war experiences from the platform. He writes exactly as he talks—clearly, incisively, in the language of the trenches. He is, in a sense, an American "Tommy," for he enlisted as a private soldier in a British regiment, and was registered as coming from "Ogden, Utah, near New York City." He had all the trench experiences that any one soldier could have, was wounded repeatedly, had his face remade by the surgeons, nearly perished in an onslaught on German trenches supposed to be empty from which only he and one other man escaped alive, and as a "bomber" had no end of exciting fights. He is keenly alive to the humors as well as to the tragedies of war, and although many passages are grim and even horrible, his cheerfulness is always to the front. As a direct report from the battle-front as an intelligent soldier saw it the book is one of the truest records of this war.

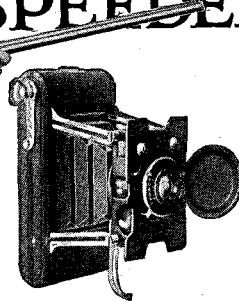
## EDUCATIONAL

**History of Williams College (A).** By Leverett Wilson Spring. Houghton Mifflin Company, Boston. \$3.

For twenty-three years Professor Leverett Spring occupied the chair of English Literature at Williams, and is still an emeritus professor. In publishing this volume he has put all Williams alumni under obligations. In very sober style he relates the history of Williams College, emphasizing the period between the death of Colonel Ephraim Williams (1755) and the opening of the College, and then describing the struggles against great odds of the little institution. While the author's text might well have been more vivid, the book will prove a valuable volume of reference to all those who wish to know about one of the foremost of our smaller colleges.

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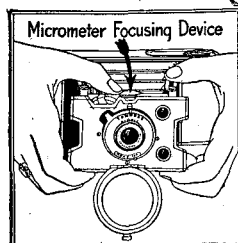


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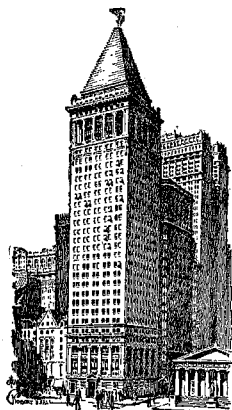
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THE OUTLOOK FINANCIAL DEPARTMENT, 381 Fourth Avenue, New York

## Acid Tests of Investments in War

**WE** have just published a booklet with the above title, which outlines the precautions that should be taken to ensure safety of invested funds at this time.

**THIS** little brochure, whose value is out of all proportion to its size, reaffirms those fixed principles of conservatism that many are apt to overlook in such a period.

**WE** will send this booklet on request to every investor who is genuinely interested, together with our August Investment List. This list describes a diversified variety of sound first mortgage bonds, safeguarded under the *Straus Plan*, which are desirable war-time investments. They net 5½—6%. Write today for this literature, and specify

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## FINDING NEW RAILWAY CAPITAL

**A**LACK of understanding of the simple truths of economic relations is responsible for most of the obsessions that possess the minds of those earnest but misguided reformers who reason in circles on the question of railway regulation. The crying need is for more understanding and less legislation.

We must provide for the growth of transportation. In the past fifteen years, while the population has increased by one-third, railway traffic has doubled. The railways are now carrying 3,800 ton-miles of freight per capita, as compared with 1,900 ton-miles fifteen years ago. Because of the development of the efficiency of transportation, especially in increasing the tonnage of trains, the railways have been able to double their service with an addition of only two-thirds to their property investment. These facts, stated in percentages, are:

|                                   |             |
|-----------------------------------|-------------|
| Increase in population.....       | 33 per cent |
| Increase in railway property..... | 66 "        |
| Increase in railway traffic.....  | 100 "       |

### \$800,000,000 A YEAR NEEDED

If the country and its industries continue this rate of growth in the next fifteen years—barring the unexpected event of a long European war—there will have to be provided upwards of \$12,000,000,000 of new railway capital. This is an average rate of \$800,000,000 a year. Unless such a portion of our annual savings is devoted to the upbuilding of the railways, transportation will collapse under the load of increasing traffic. Without adequate transportation the whole industrial progress of the country will be stopped. We have had a warning in the past few months of what such a collapse would cost.

How is this new capital, at an average rate of \$800,000,000 a year for the next fifteen years, to be provided? How is new capital found for any growing industry? The capital of an industry consists of all the property it uses in production. Railway capital consists of land, tracks, signals, bridges, tunnels, stations, terminals, elevators, warehouses, wharves, power plants, water and coal stations, locomotives, cars, boats, shops, machinery—all the property devoted to the production of transportation. This is the real capital, not the funds obtained from investors, which are used to acquire the capital, nor the securities, which merely indicate the ownership of the capital.

### THE FARMER'S CAPITAL

New capital cannot be drawn from the air—by some credit legerdemain or legislative fiat. A new silo on the farm, adding to the farmer's capital, cannot be extracted from a farm mortgage loan. It must be built by the work of hands. New capital can be found only in the savings from industry, and the capital for a particular industry must be provided out of its own savings or from the savings of other industries.

How is new capital provided for the greatest of all industries—agriculture? A farmer, after marketing his crops and paying all the costs of operating and maintaining his farm, has at the end of the harvest, we will say, a thousand bushels of wheat. He can sell this wheat and put the proceeds in the bank to draw interest; or invest them in some other industry, as a railway; or invest them in his own industry. That is, if he needs a new barn or

new machinery with which to increase his production, he can increase his farm capital out of his surplus production. He can then make two blades of grass grow where one grew before, and the world will gladly reward him for his increased effort.

Capital thus saved out of production will naturally flow into channels where it is assured of the largest return. If the farmer believes that his surplus earnings will return a better income in some other industry than in his own, he will put them in that other industry.

New capital for the development of transportation must be found in like manner, either from the surplus earnings of the industry itself or from the savings of other industries. If we were still in an age of barter—products being exchanged without the use of money or bank credit—a farmer having a surplus of a thousand bushels of wheat could invest this saving in transportation by giving his wheat to a railway in exchange for securities. The railway could exchange the wheat for forty tons of steel rails, and the steel mill, in turn, could exchange the wheat for three hundred days' labor of its men. The surplus product of the farmer's industry would then have purchased the product of the steelmaker's industry and the saved capital would be devoted to the production of transportation.

### INVESTING THE FARM SURPLUS

The farmer would receive as evidence of his capital contribution either a mortgage promise to repay the amount after a period of years (a bond), or a certificate of profit participation (stock). But the farmer will not make this investment in another industry without the assurance that it will return an income. Otherwise he would add it to his own farm capital for the purpose of increasing his farm income.

If, on the other hand, the farmer needs more new capital than he has saved, he can go into the market-place and find some one who has a surplus to invest, and he can obtain the use of this capital by giving his bond to pay the owner a fixed rate of return. Or else he can take another farmer with capital into partnership, giving him a share of the business.

The only way to stimulate agriculture is to make it profitable for the farmer. If farming profits decline, farmer boys drift to the cities to engage in other industries holding out a greater promise, and crop production falls off, with resulting rising prices for food and the other products of the soil. More than this, declining agricultural gains leave no surplus capital for the farmers to reinvest in their work, and make it increasingly difficult to attract new capital from outside sources. Outside capital flows into industries with assured profits.

### THE FLOW OF CAPITAL

And all of this is just as true of transportation as it is of agriculture. Eight hundred millions a year of new capital for the necessary development of the railways can be obtained only by making the transportation industry profitable. The immutable law that capital flows where it is assured of the highest return is working slowly but surely to dry up the springs of new railway capital.

Political discussion of the railway problem is befogged by much distorted reason-



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They are absolutely safe.

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*Finding New Railway Capital (Continued)*

ing and false logic. In the recent opinion of the Commerce Commission in the Fifteen Per Cent Rate Case is to be found this reference to one of the fog-banks:

"A number of witnesses laid stress . . . upon the large accretions to property which many of the carriers have been able to make out of earnings. . . . The theory of this character of evidence seems to be that . . . property paid for out of the revenues of carriers does not in fact become their property in the sense that they may be permitted or are entitled to earn a reasonable return thereon . . . and that the public in reality owns such property, and therefore can not lawfully be asked to pay rates and fares which will yield a return on such property. These are questions of large import which have been directly raised in valuation proceedings before us."

## SAVING RAILWAY EARNINGS

That is to say, if \$100,000,000 of railway property earns 6 per cent, or \$6,000,000, for five years, pays 5 per cent, or \$5,000,000, interest on the investment, and with the remaining earnings there is built a hundred miles of new railway for the service of the public, this new line belongs not to the railway but to the public, and should not be allowed to earn any interest for its builders.

In the nine years 1907 to 1916 the new investment in railway property amounted to \$4,500,000,000. Of the funds thus provided for the upbuilding of the transportation system, \$4,000,000,000 came from the sale of securities to investors and \$500,000,000 from earnings not distributed to the shareholders. For every dollar saved from earnings and devoted to railway development, eight dollars has been obtained from the sale of new stock and bonds.

This \$500,000,000 of railway property, built out of the surplus not distributed to shareholders, is not their property and must earn no profit for them, under the theory referred to by the Commission. Let us see what such a theory leads to. Consider, for example, its application to agriculture. If transportation is indispensable, agriculture is even more so. We could live without railways, but we could not live without the products of the farms. The price of bread touches every pocketbook.

## TRYING IT ON THE FARMER

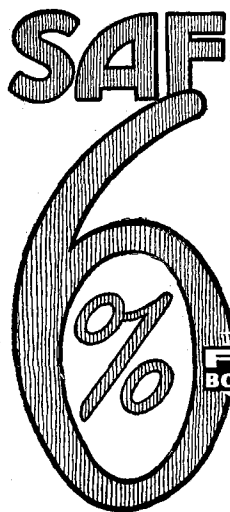
What would the farmer say if one of the new school economists should say to him: "If you harvest a bumper crop of wheat, and out of your surplus earnings from your labor you erect new farm buildings and buy new machinery, this property belongs not to you but to the housewives in London who bought the bread made from your wheat. While it is true that you have increased the value of your farm by some thousands of dollars, you must not expect to make any additional profit out of the increased production that will result."

The chief concern of the public in all production is that it shall be adequate for the public needs, and that it shall be economically accomplished. This is just as true of the production of food as it is of transportation.

## THE TEST OF PROGRESS

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*Finding New Railway Capital (Continued)*

can Republic has been marked by an abundant production of wealth at a low cost—not the cost in mere money, but the cost in human effort.

Any policy of public regulation of railways that does not stimulate the production of transportation by attracting new capital savings is manifestly an uneconomic policy and opposed to the public interest.

## DECLINING RAILWAY PROFITS

There is no mystery in the drying up of the flow of new capital into railways. For ten years the rate of profit has been steadily declining. The Eastern carriers in the three years prior to the panic of 1907 earned an average of 6 per cent on their property investment. In the past three years they earned only 5 per cent. The Western roads have suffered in the same period a decline in net income from 5.8 per cent to 4.6 per cent. Although 1916 was the year of greatest railway business, the average return for all the roads of the country was only 5.9 per cent. Meanwhile other industries, into which capital is flowing abundantly, are showing very much larger profits.

The diminishing profit in transportation is the result of steadily rising costs for the labor and materials consumed by the carriers, with no compensating rise in the charges for service. A part of the rising costs has been absorbed by economies of management; otherwise the whole transportation system would to-day be bankrupt. The problem this year has reached an acute stage, and the measure of relief recently granted the Eastern carriers by the Commerce Commission is evidently an assurance that the Commission intends to support the credit of the industry in the public interest.

If by the "public" we mean the great body of the people as distinguished from the few very rich capitalists, then the public to-day owns the railways—and when, by legislation or other public regulation, we restrict the profits of transportation, and thus drive the public's capital savings away from railways into more profitable investment channels, we are not conserving the public interest. On the contrary, we are adopting a course destructive to the public interest, because we are destroying the public's real income from the railways—adequate transportation economically produced.

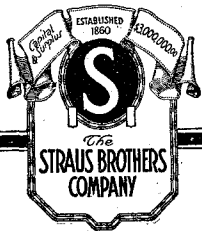
## QUESTIONS AND ANSWERS

Q. I have a thousand dollars to invest. Would Russian Government bonds be a very unusual risk?

A. The high yield on Russian bonds indicates that they are not a safe investment. If you buy them, you are speculating on the outcome of the Russian Revolution. Manifestly, this is not an investment to be made by one who could ill afford to lose his principal. A much safer speculation could be made at home in some industrial venture. The yield on some of the better class of American securities is large enough to attract speculative capital. If you would like to make an investment in one of the Allied war loans, we would recommend the French or British bonds offered on the American market.

Q. Will you kindly state the advantages of issuing stock of no par value.

A. Stock of no par value harks back to the early days of joint-stock ventures, when the participation in the hoped-for profits of the venture was divided into a



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**ATLANTIC CITY**  
ALWAYS OPEN  
THE LEEDS COMPANY

### Questions and Answers (Continued)

certain number of shares. James J. Hill followed this plan when he turned the Great Northern Ore Properties over to the Great Northern Railway shareholders. He frankly said he didn't know what they were worth, and so divided the participation in the business pro rata among the shareholders. There is little merit in the plan. Any idea that a corporation may escape taxes by leaving the dollar mark off its stock is based on a low estimate of the capacity of the tax-gatherers to search out revenue.

**Q.** I have found among my papers fifty shares of Bay State Gas. I would like to know if it is worth anything, or about the standing of the company at present.

**A.** Bay State Gas is the child of Thomas W. Lawson, of Boston and "Dreamworld." At last accounts this shell of a live company was resting quietly somewhere in a pigeonhole in Mr. Lawson's desk. On the curb in Boston it is nominally quoted at ten cents a share. If you value it as much as \$5 as a relic of the halcyon days of one of the most debonair adventurers since the glorious times of the South Sea Bubble, do not sell it.

**Q.** I shall appreciate your opinion as to the reliability of the Fidelity and Casualty Company of New York special insurance for teachers.

**A.** The high standing of this company guarantees that any offer it makes is meritorious.

### Free Booklets for Investors

Many of the investment bankers publish booklets and literature for the information of prospective investors. The following is a list of booklets which may be obtained by writing to the investment houses issuing them, mentioning The Outlook, or by writing direct to the Financial Editor of The Outlook:

Oregon Farm Mortgages—Booklet and List. Cronan Mortgage Company, 906-911 Spalding Building, Portland, Oregon.

Farm Mortgages—List No. 58. A. G. Danforth & Co., Washington, Ill.

First Mortgage Real Estate Bonds—Booklet "The Key to Safe Investment." Federal Bond and Mortgage Company, 901 Griswold Street, Detroit, Mich.

Booklet "S" and List of Offerings. E. J. Lander & Co., Grand Forks, N. D.

Dairy Farm Mortgages—Information and Literature. Markham & May Company, 1226 First National Bank Building, Milwaukee, Wis.

"War Tax Opportunities"—Circular J-48. John Muir & Co., 61 Broadway, New York.

\$10 Thrift Bonds. Inquire National Thrift Bond Corporation, 61 Broadway, New York.

City Bonds Circular—O-8. Oakland Street Improvement Bond Company, Oakland, Cal.

War Time Investments—Booklet No. G-705. S. W. Straus & Co., 150 Broadway, New York City; Straus Building, Chicago, Ill.

Guaranteed Farm Mortgages—Booklet O-17. The Straus Brothers Company, Ligonier, Ind.

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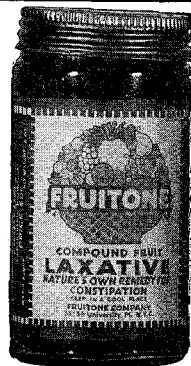


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